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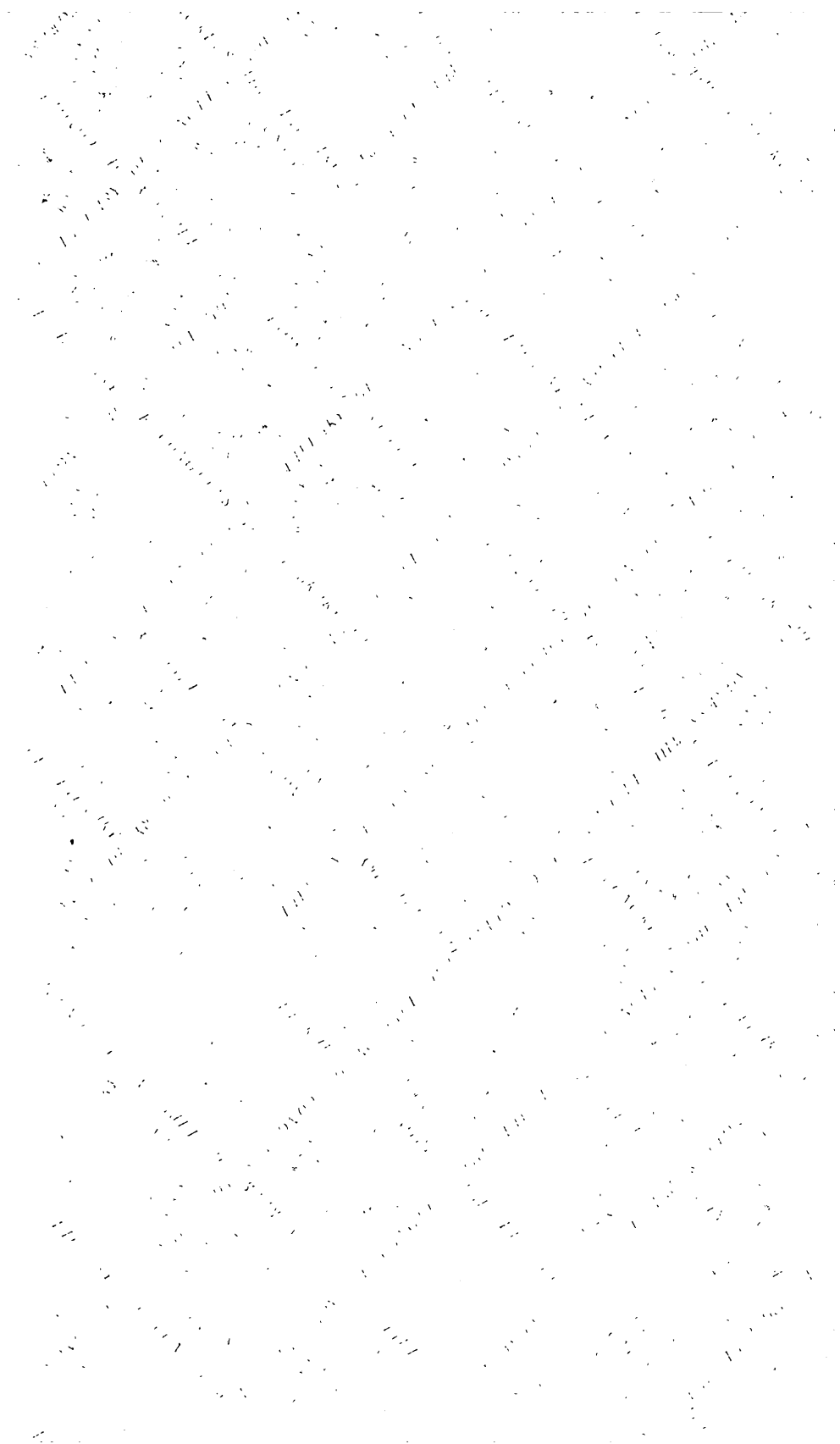
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COMMISSION TO STUDY SOCIAL INSURANCE AND UNEMPLOYMENT

HEARINGS

U.S. Congress House
BEFORE
THE COMMITTEE ON LABOR

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

FIRST SESSION

ON

H. J. RES. 159¹

**A RESOLUTION FOR THE APPOINTMENT OF A COMMISSION TO PRE-
PARE AND RECOMMEND A PLAN FOR THE ESTABLISHMENT
OF A NATIONAL INSURANCE FUND AND FOR THE MIT-
IGATION OF THE EVIL OF UNEMPLOYMENT**

APRIL 6 AND 11, 1916

[¹H. J. Res. 189, Sixty-Fifth Congress, second session. Joint resolution to provide for a commission to inquire into the advisability of establishing national insurance against unemployment, invalidity, and sickness.]



WASHINGTON
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1918

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HOUSE OF REPRESENTATIVES, SIXTY-FIFTH CONGRESS.

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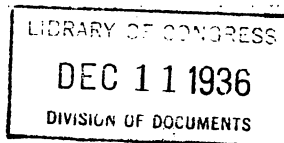
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COMMISSION TO STUDY SOCIAL INSURANCE AND UNEMPLOYMENT.

COMMITTEE ON LABOR,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 6, 1916.

The committee met at 10 o'clock a. m., Hon. Edward Keating presiding.

MR. KEATING. Under a special rule adopted by the committee this morning was set aside for hearings on House joint resolution 159,¹ by Mr. London, a joint resolution for the appointment of a commission to prepare and recommend a plan for the establishment of a national insurance fund and for the mitigation of the evil of unemployment.

MR. LONDON. Mr. Chairman, I will ask Mr. Dawson to open the discussion and to give us an outline of the problem.

STATEMENT OF MR. MILES M. DAWSON, CONSULTING ACTUARY, NEW YORK CITY.

MR. KEATING. Will you give your name, address, and occupation to the stenographer? I presume we will proceed under the rule we had the other day, by which the witness will be permitted to make his statement, and members of the committee will question him at the conclusion of his statement.

MR. DAWSON. My name is Miles M. Dawson, consulting actuary, New York City.

MR. LONDON. Mr. Dawson, you are one of the authors of the book *Workingmen's Insurance in Europe*?

MR. DAWSON. Yes; I am a joint author of the book, *Workingmen's Insurance in Europe*, written by Dr. Lee K. Frankel and myself, as the result of a study of social insurance throughout Europe on behalf of the Russell Sage Foundation. I was also sent abroad by the Government two years later to study the cost of workingmen's compensation insurance in European countries, the result of which study will be found in the September, 1910, Bulletin of the Bureau of Labor.

My interest in this subject, however, did not begin with that investigation, but began with the introduction of social insurance in the countries of Germany and Austria, over 30 years ago, and my acquaintance with the languages in the countries of Europe, including all of those except Russia, which have adopted social insurance up to the present time, I think, has kept me in very close touch, as well as my personal acquaintance with the men who have been associated with it.

¹ See H. J. Res. 189, 65th Cong., 2d sess., p. 307.

The way in which the general subject is looked at by many people, Mr. Chairman and gentlemen of the committee, is that it is a mere attempt to accomplish something, which may or may not be desirable, on behalf of the working classes, as if it was a piece of class legislation. I am not going to speak to you long, but I wish to premise what I say by two statements, which I think will be of service to the committee in that respect. Both of these statements are from Dr. Georg Zacher, the greatest authority upon the subject of social insurance in the world, and were made to me personally in a letter written to me. One of them is that from the actual statistics collected by the Government of Germany there was an increase in the average longevity of the German males, the men of Germany, from the year 1870 to the year 1900, during which social insurance had been introduced and made effective in Germany, equivalent to 12 years added to the life of every man in Germany.

Now, remember that those 12 years were in most cases added to their lives during the period when they were most productive, and best able to take care of their families.

I know, as an expert upon longevity, that this statement is not untrue. I know that the reputation of Germany in regard to mortality has changed from that of one of the worst in Europe during that period, and has been improving steadily up to the present time, at least up to the time that the war commenced, from that position to one of the very best. I know that the records of the German insurance companies from an investigation of their mortality, with which I am also familiar, being a member of the Deutscher Verein für Versicherungs Wissenschaft in Germany and otherwise in position to have information on these points, I know that the improvement in the lives of those who are insured in the German insurance companies, a large majority of whom were subject to the social insurance laws, has been equally marked.

That is one of the statements that Dr. Zacher made to me. The other statement made was this, that the experience of the Government in connection with this investigation was that not only the health but also the height, the weight, physical strength, and ability of those who were called into the service of the German Army had been one of steady improvement, showing a very marked difference between 1870 and 1900, and also even between 1900 and 1910.

Those are two facts which might be contrasted with the conditions which exist in other countries. During that same period, there was no improvement worth mentioning shown by any statistics with which I am familiar—and I am very familiar with all of them, as I am a Fellow of the Royal Statistical Society in London, and also a Fellow of the Institute of Actuaries of Great Britain, in both of which all of the statistics can be found upon the subject—during that same period there was not only no such improvement in Great Britain, but, in addition, there was a very considerable diminution in the average condition of those who offered themselves for service in the British Army—so marked a loss that public attention was repeatedly called to it.

Now, I speak of these things because this subject should be considered not merely from the standpoint of how we may most effectively assist those among our people who may be, on account of their financial condition or on account of their want of organization, or

whatever it may be in the poorest position to protect themselves and their families; we should not only assist them on their account, but we have the greatest possible reason for assisting them on our account.

But, Mr. Chairman and gentlemen of the committee, this is not the only consideration. There is a third consideration that I believe should be brought especially to your attention. Dr. Frankel and I found, and I found later when I was there the second time that the remarkable improvement in the efficiency of the people in connection with the industries of these countries, an increase in efficiency, which, as you know, has attracted world-wide attention, which changed the reputation of German workmen from that of a rather thorough but exceedingly slow and plodding type of workman, which was their reputation when I was a boy, to that of easily the most efficient workmen of all Europe, and made the Austrians in spite of the fact that they were so badly broken apart in regard to race conditions, only second to the Germans in that regard—that this increase in efficiency, while undoubtedly partly due to the introduction of special schools in Germany and Austria, meaning vocational education, and also partly due to the introduction of compulsory military service, and the creation thereby of a special form of discipline was chiefly due to social insurance.

Now, this was not the testimony merely of those concerned, like my friend, Dr. Zacher, in social insurance. It was their testimony without a single exception; but yet more was it the testimony of the leading employers of Germany, many of whom were consulted by us, any many others consulted by others, and what they stated about it made public, and it was the testimony of the officers of the German Government generally; and moreover, it was also the testimony of the leaders of the social democratic party, which represents virtually all of the workmen of Germany, and of all the representatives of the workmen of Germany in the sickness insurance associations. All but universal is the expression of opinion among those who have been consulted upon the subject, by, for instance, Lloyd George, representing the British Government; and you will find it made public in the documents published giving the results of his interviews, and by those who were consulted by Dr. Frankel and myself, and those who have been consulted by innumerable others who have gone there from our own country, as well as from other countries, that the principal thing operating to make a wonderfully efficient, healthy, long-lived people, was the thing which we are here to talk concerning to-day.

The resolution that is before you to-day is not a resolution intended to ask immediate action on the part of the Congress of the United States, to introduce a system of social insurance. It is not a bill introducing a system of social insurance. It is a bill intending to ask for the appointment of a commission, with a moderate appropriation, and with certain powers to investigate what can be done in the United States in this regard, to investigate what is already being done in the United States in this regard, what its effects are, where it falls short, what good it has already accomplished, what good it is believed can be accomplished through existing means, and where existing means necessarily falls short of doing that which we would all like to see accomplished. That is the bill that is before you.

Now, I might suggest that there is one very fruitful line of investigation right at the outset, which I do not doubt will occur to many of you. The intimation has been made in the resolution itself that it might be possible to establish a national fund, or national funds for these social insurance purposes. One of the investigations that it would be wise for this committee to undertake is regarding opinions, and the grounds upon which those opinions rest, of those most competent to serve the committee, concerning whether such a measure, if it were offered, would be constitutional, under the Federal Constitution. I gave an amount of time, estimated at my office, on the part of the employees only, omitting my own time, at a net cost of over \$2,000, to the investigation of that subject, in connection with the Federal Commission on Employers' Liability. You will find the result of the work which I did there in the report of that commission, both the briefs and the argument presented; and you will find also that the attorney representing the New York Central Lines (I may say entirely independently, for I never met him until I met him in the room, after his brief had been printed), arrived at almost identically the same conclusion, namely, that the Federal Government had ample power to introduce a system generally throughout the United States, as regards the classes of employees that were there under consideration, at least, for the establishment of a Federal workmen's compensation fund.

Now, I am not prepared to say at this moment, except in the most general way, that necessarily the investigation there made would cover the subject we are discussing here. My own impression, as the result of the work which I did at that time, is that the arguments there advanced would be almost equally applicable to the subjects covered by this resolution, and that there is, if not entirely a clear road, almost a clear road before you, should the commission, after it has made its report, recommend that something be done by the Federal Government nationally, and should Congress decide that that was the wise way to handle it.

But now, of course, there are two reasons why, after this report of a commission such as this has been rendered, Congress might decide that national action is not desirable. They are, first, the constitutional question, about which Congress might have a different opinion from that which I have just tentatively expressed; and, second, the practical question as to whether it might not be wiser to leave it to the States, or to adopt a policy of encouragement such as was adopted in Denmark and in some other countries in relation to this subject, or in relation to a part of it.

Whatever the determination of Congress might be upon those questions, I take it that it is of the highest importance that Congress and the people of our country be advised of all that can be discovered upon the subject that is pertinent to the determination whether social insurance produces such a result as I have, in the opening of my address, called to your attention; what the powers of the National Government are in relation thereto, and what it can do for the protection and the betterment of the conditions of our people through this means; what is now being done, whether well or badly, and what can be done to make it work well, if anything, and what needs to be done to supplement it, if it should be permitted to continue at all, or what needs to be done to substitute a better system

for it; and whether, after all these questions have been considered, and the best light obtained upon them, it is wise or desirable that this matter be undertaken as a Federal matter, on behalf of the whole people of the United States, or that it be left to each State to deal with entirely by itself, without action by Congress of any kind, or that a policy of encouragement and subsidization, such as has been adopted by some countries of Europe, be introduced.

Now, I beg to suggest to your commission, that, in the course of the investigation, if it is ordered, there should be a very careful inquiry made into the existing means of dealing with these questions in this country. I fancy that you would be somewhat astounded to learn, in regard to sickness insurance, for instance, that there are tens of thousands of the most feeble of our people, the least able to make provisions for themselves, that are to-day paying in the form of 3 and 5 cents, collected at the back door by agents of industrial sickness insurance societies and companies, in order to obtain for themselves this form of protection, on a basis where from one-half to as high as three-fourths of all the money that they pay is wasted and not directly applied to provide that which they are purchasing. I fancy that before the hearing is over you will have evidence, much more in extenso than I will undertake in this opening address to offer, that that is true; but I may say that, on behalf of the superintendent of insurance of this district, under the authority of Congress, I have, myself, investigated perhaps the very best of those institutions which the most helpless of our entire population, the negro population, has built up, and I found that it was costing 60 cents to get less than 35 cents in benefit to its members; and that was in an institution operated on a sound basis, carrying adequate reserves, not carried on as a spoliation, but merely doing those things which it was necessary to do, under the existing disorganized condition, in order that the people who needed this kind of protection the very worst could obtain it at all.

There are also "dollar-a-month" casualty companies doing business with the more helpless white laborers chiefly, which are managed about as extravagantly and several of which have an evil record in repudiating their just obligations.

There is also another form of social insurance that is in operation in our country, which I am sure you are more or less familiar with, and that is the means of furnishing money by which the members of a family can be buried; because industrial life insurance, in the main, not exclusively, as carried on in the United States, is nothing but burial insurance. In fact, it is confined by the laws of the principal States, as regards children, to an amount of money estimated by the legislature not to be much more than ordinarily required to furnish a decent burial, and you will find, if you will look into it, that in order to get somewhere from 35 to 40 cents' worth of benefit out of each dollar of premiums paid in 5 or 10 cent installments at the back door every week, the most economical record that they have been able to make in the largest company of the whole list is an expenditure of another 35 cents out of that dollar, and that the average is in the neighborhood of 50 cents.

Now, those are some of the things which, if the resolution is not already drawn in such a manner as to give you full authority to investigate them as regards their operation and to consider to what

extent the Congress of the United States, under a Government set up, as stated in the very first words of the prologue to our Constitution, "To promote the general welfare," can do to remedy these conditions and introduce something which will serve this purpose better and more economically, you should provide for by amending it suitably.

There is another branch of insurance being carried on, which comes within the range of social insurance, and some exceedingly interesting inquiries could be made about that. It is the one branch of social insurance we have dealt with in a legislative way so far in the United States. It is called workmen's compensation. We now have a majority—I think about two-thirds—of all the States in the United States, with workmen's compensation laws, more or less futile in effect, some of them very good and some not so good, so that we have right at home a problem as to which method of providing insurance of this character is best for the people of this country, from the standpoint of economy and efficiency, and concerning which is the best method we have the most contrary statements going out all over the country. We have the twisting and distortion of everything that turns up. I may say that I do not think it is entirely one-sided, but it is chiefly on the part of the insurance companies interested in the earning of money in carrying on this business, but not exclusively, because when you get the facts about that you will find unfairness on both sides.

Now, that is a branch of investigation which this commission, if appointed, can take up and judicially determine from the actual facts which of the methods already in use in this country (and we have almost every method that was ever in use in any country in use here) is operating best for the common advantage, and then determine whether the Congress of the United States, under a Constitution which opened with a preamble that one of the purposes of that Government is to promote the general welfare of its people, has any office to perform in that regard.

Now, there is another thing. The report of the Commission on Workmen's Compensation and Employers' Liability, the Federal commission, has been before Congress for three years past. It was a very partial and incomplete report in many respects. It covered only railroad employees. It did not even cover the other classes of employees that are in interstate commerce or in foreign commerce. It gave no protection to sailors, either upon the high seas or upon the rivers and lakes. It would have only given protection, had it passed, to railway employees, and the protection which it offered to railway employees was bad in form, as it created the condition where there would be one constant contest between the railroad company and the injured employee, and thereby the union to which he belonged; and these provisions made it so unsatisfactory and unacceptable to the railway employees that the only workmen's compensation legislation in this country that has been defeated by the opposition of the workingmen themselves was this same bill reported by the Federal commission.

Now you have an opportunity, through the new commission which you would establish, to study that question, study the previous report, conclude wherein it was faulty, and then conclude whether this Government could not at least cover all interstate and foreign commerce

employees, including sailors upon the high seas, rivers, and lakes, whether in interstate commerce or foreign commerce, and also whether it might not be able to introduce a perfected system of workmen's compensation for all the workingmen of our country, so that a man who was injured in one State in the course of labor would not be treated differently from one who was injured in another State, which is a more or less ridiculous thing for us to permit in this Nation of ours.

Then you come to unemployment. I remember very well having said to Mr. Varley, who was at the head of the Ghent system of employment insurance—the first that made a success in Europe—and who is now secretary of the International Association of Unemployment, that in my opinion unemployment insurance was a matter which could be scarcely carried on successfully except on a national scale—that is, with any great or marked success—owing to the fact that your local fund in a city can easily be completely swamped by local conditions and owing to this further fact that one of the most important reasons why we should have a social insurance system and an unemployment system was so that we can get at causes; and we can not get at causes that are widespread throughout an entire nation by merely having a local fund. If we have a national scheme, a national plan, then the causes that are operative throughout the entire Nation come to light. I remember naming to him, as an instance, when I was at Zurich at a meeting of the International Association for Labor Legislation, before the International Association of Unemployment had been established—I remember stating to him one instance which I am sure will interest the members of your committee, viz, that we had the very peculiar, laughable, ridiculous, and shameful condition in 1893 in the United States, owing to our folly and our inability to deal otherwise than as a political question, to be fought out in rancor between the two parties, with the currency of our Nation, which since then has been so much more successfully dealt with—we had the absolutely shameful condition where miners were starving in Pennsylvania because coal could not be sold, and the farmers were burning their corn in Kansas because they could not get coal; and I said to him that a local association like he had in Ghent, on unemployment, could not by any possibility take care of a situation like that or get any light on it or see any more about it than I was able to see, while a national association on unemployment would find that a real investigation, not on partisan lines, not in order to carry out some special doctrine or some special theory, ought to be made relative to those things which should operate to facilitate exchange, but which in practice at times broke down and operated to prevent exchange.

I speak of this as illustrating the fact that those of us who have given the most attention to this subject of unemployment insurance are quite of the opinion that it can not be, with any real or marked success, coped with except through Federal action. That view was adopted on the recommendation of a namesake of mine, who, by the way, is not a relative, or a man whom I know personally, Mr. William Harbridge Dawson, an eminent Englishman, by Lloyd George, and was adopted as a part of the insurance plan introduced in Great Britain a few years ago; and, although criticisms have been made against the sickness insurance plan in Great Britain, which was not

Mr. SMITH. What is the child-labor law in Germany?

Mr. DAWSON. Germany's minimum age for child labor, I think, is 14 years. There may be others who can answer that more definitely, but I think that is correct. They have, however, an apprentice system.

Mr. SMITH. At what age?

Mr. DAWSON. I think it is 14 years. They have vocational training before that, however.

Mr. SMITH. Compulsory school education?

Mr. DAWSON. Oh, yes, thoroughly; and not only compulsory school education, but compulsory vocational education in the schools, industrial education.

Mr. KEATING. I would like to suggest to the witness that he place in the record, for the purpose of making the record clear for the ordinary reader, a definition of social insurance. I think you will find that the term is somewhat confusing to a number of people who might be reading the record of this proceeding.

Mr. SUMNERS. I wish, while you are doing that, that you would do this also, if you will pardon me. I am from an agricultural district. I wish you would place in the record something to show that this sort of insurance does not stimulate the disposition to shirk and be sick, and take advantage of this sickness when you are not sick. You see what I mean?

Mr. DAWSON. I do.

Mr. SUMNERS. I wish you would put in the record something in regard to that.

Mr. DAWSON. Social insurance, in general, is the insurance of working men and women, and their families, against those contingencies which do not relate to property, such contingencies as sickness, accidents, permanent invalidity, invalidity due to old age, maternity, the death of parents or others who are the breadwinners of the family, leaving dependent women or children, and the like.

Mr. LONDON. And unemployment?

Mr. DAWSON. Oh, yes; and unemployment. That is correct. Pardon me for the omission.

Mr. KEATING. And the German laws cover those various phases of social insurance?

Mr. DAWSON. The German laws cover all but unemployment. There is unemployment insurance in Germany, but it is local, in different parts of the country. They have no federal or national system of unemployment insurance in Germany. They have a system of national or federal unemployment insurance in Great Britain, that is the best of all; and they have one in Denmark, which I personally investigated and am very familiar with, and also one in Norway. Those are the only three countries that have at the present time federal unemployment insurance.

Mr. SUMNERS. What, in your judgment, is the proper division of the contribution to be made by the laboring people, by the employers, and by the Government, so as to insure the benefits, without encouraging indolence, and increasing the ill health of the community?

Mr. KEATING. The committee will be in order.

Mr. DAWSON. May I resume, Mr. Chairman?

Mr. KEATING. Yes.

Mr. DAWSON. Two questions have been asked, and one of them is whether social insurance has increased what we call technically simulation of being sick or malingering, which means lingering sick or disabled much longer than the disablement actually continues. The definition that I have given of malingering, by the way, I think, would help you somewhat to pronounce it. It is not "malinjering," but "malingering"—the "g" has a hard sound.

It is perhaps true theoretically if not practically that any method by which workmen are provided even partially with an income while sick or continuing to be disabled will cause them to remain away from work somewhat longer than it would if they had no such provision. That undoubtedly is true. Many a man has continued at work when he ought not to be at work, because he could not see his family suffer, and because he had not the means to command the medical attention and nursing that he requires. To what extent it may have caused some people to pretend that they were still disabled after the disability has entirely disappeared is always an open question.

You will find men who represent the Prussian "Junker" crowd—most of us feel that the conduct of Germany is not, perhaps, entirely warranted in the present war, and know perfectly well who has been responsible for all of the things that we do not like in that war, as well as pretty much all of the things in the German handling of matters that we do not like. It is quite true that the representatives of the "Junker" crowd—meaning the "younger nobility"—and that includes old men as well as young men—have always, because they were opposed to everything that the others stood for, shouted that it was causing all of the workmen of Germany to become shirks. During the period that they had been making those charges, you will have to bear in mind that the efficiency of the German workman has been raised to the *n*th power, and somehow the result of that shirking seems to have been better than where there has been no shirking in other countries.

In regard to simulation—the pretending that one has a disease right from the outset when he has none—it is almost impossible to tell. The excellent medical organization under a good social insurance system renders it almost absolutely impossible; but there may be, and perhaps have been, cases where, when a man, when he was actually disabled at the outset, has been able to fool the doctors for a time as to whether he was completely recovered. The inducement to do so is very small. It would only be a man of very inferior character who would think of doing it, because he is depriving himself of a very much larger income than the insurance furnishes, and, besides, he is put under very severe restraints. He has to stay in the house, and even, possibly, in bed, in order to obtain the benefit. But such things may happen.

A very great American philosopher, Ralph Waldo Emerson, once wrote a perfectly splendid essay called "Compensation." It is probable that we could never have any fairly good thing in this world without some compensation.

Another great philosopher, who wrote in verse, said something about little fleas having lesser fleas upon their backs to bite them, and lesser fleas still lesser fleas, and so on, ad infinitum. In other words, I do not expect that we will ever have anything so perfect that there may not be some little matter against which we have got to guard.

As regards the distribution of the cost which I would recommend—which is the second question—my answer is purely my personal view, and it would be better to canvass the matter by the commission if appointed or by the committee if appointed. To distribute the cost of social insurance between the workingman, the employer, and the State is recognized everywhere by experts on the subject as warranted in all forms of social insurance excepting accident, where the thing occurs or grows purely out of the industry. It is well recognized that there should be a contribution by the workman, because he is receiving a direct benefit that has no relation to the carrying on of the industry, a large number of sicknesses being sicknesses that the people in safe occupations have. Death also is common to all of us without regard to occupation, although a certain proportion of deaths are caused by occupation. Contribution by the employer is warranted as a means of causing the cost of sickness insurance above what it would cost in safe occupations to be paid by the consumer as a part of the cost of the product. That makes, also, for prevention.

The contribution of the State is warranted, because if this is taken up as a State or national matter, it is taken up for the reason that I originally gave, because we have concluded that it is for the general welfare of our people. Its benefits are not confined to the immediate recipients of the insurance. The benefits in Germany have not been confined to the workmen and their families; they have accrued to the whole German people. If we could increase the average lifetime of the American people by any such period as 12 years, largely falling within the productive period of life, I think we would all say that it would be a tremendous benefit to the whole American people. If we could increase the efficiency of our people, so that their productiveness was greater, a similar result would follow. Everything, in other words, that tends to make a better people is to the advantage of the whole people. There is no reason why a part of the cost should not be borne by the Government. We have settled the question in the United States that the supervision of our general affairs, when carried on by the Government, should be paid for out of Government funds, and this, if introduced at all under any system, even if it was purely a voluntary system, would nevertheless call for supervision and there would be the same ground, therefore, for contributing toward that cost as there would be for voting an appropriation to the commission which I hope you will appoint.

Mr. KEATING. We thank you very much, Mr. Dawson. The committee has appreciated your testimony.

**STATEMENT OF DR. JOHN B. ANDREWS, SECRETARY OF THE
AMERICAN ASSOCIATION FOR LABOR LEGISLATION, NEW YORK
CITY.**

Mr. KEATING. Give the stenographer your name, occupation, and residence.

Mr. ANDREWS. John B. Andrews; secretary of the American Association for Labor Legislation; 131 East Twenty-third Street, New York City.

Gentlemen of the committee, I am very glad indeed to take this opportunity to go on record definitely in favor of the most careful study of social insurance, because it seems to me clear, now, that

insurance against sickness, better known as health insurance, is just as inevitable in America at the present time as we can now see that workmen's compensation for industrial accidents was inevitable five or six years ago.

It is clear that we have entered in this country, just as they have entered in all the leading countries of the world, upon careful investigation of industrial conditions, and upon the most constructive proposals for meeting industrial evils; and it has been found in many countries of the world that there is a device which has been most effective in bringing about the right kind of careful consideration of these evils, in order to bring about their prevention. This device is the insurance method. It has been successful in dealing with workmen's accidents, because it places a continuous economic pressure upon those who are responsible for the bad conditions. It brings about, furthermore, the cooperation in a very direct way of those who must be vitally interested personally in preventing the injuries, partly because in that way they can reduce the cost of the insurance.

There is nothing, therefore, too idealistic about the method of insurance. It is exceedingly practical, and in no way has its practicableness been shown with greater convincingness than in the prevention of injuries. I assume that the resolution or bill which is before the committee this morning is open to change, if it is recommended by members of this committee to the House, and I believe it should be made perfectly clear that this will be a scientific, careful study of the problems for the purpose of providing a proper solution of them in this country.

With these few remarks in order to go on record for this investigation of social insurance, I will close.

Mr. LONDON. You refer to sickness insurance only. Do you limit yourself to that?

Mr. ANDREWS. I have spoken especially for health insurance, but I am content that the same system be used for meeting other contingencies in the life of the worker. I have no hesitancy in saying that I believe this investigation should be made very broad, and not merely to include the study of sickness insurance.

STATEMENT OF MR. RUFUS M. POTTS, INSURANCE SUPERINTENDENT OF THE STATE OF ILLINOIS, AND CHAIRMAN OF THE COMMITTEE OF THE NATIONAL CONVENTION OF INSURANCE COMMISSIONERS TO INVESTIGATE SOCIAL INSURANCE, SPRINGFIELD, ILL.

Mr. KEATING. Give your name, address, and occupation to the stenographer.

Mr. POTTS. Rufus M. Potts; I am insurance superintendent of the State of Illinois, chairman of the committee of the National Convention of Insurance Commissioners appointed in December last to investigate the subject of social insurance. I reside at Springfield, Ill.

As chairman of that committee I started to work several employees to determine the exact status of the working people and the masses in general, in the United States, and of the European countries that have social insurance, and of countries that do not have social insur-

ance. We assembled every publication dealing with this question that could be reasonably obtained, printed in the English language, and then I had one man who reads, writes, and translates French and German to investigate the publications of those countries dealing with this question. We have assembled all information obtained in the various publications, and now have my report ready to present to the commissioners on the 17th of this month at its meeting in St. Louis. I have the preliminary report with me, but at the present time it stands as the report of myself and not of the members of the committee, as they have not had an opportunity to inspect same, and I do not wish to file it until I have their approval and consent that it be filed.

In the study of this question, I am convinced that it is the most important social and economic question before the world to-day. It is the only medium of effectuating social justice. It is the system whereby individual wage earners are able to capitalize their earning capacity for themselves and with the cooperation of the Government for both the Government and themselves, instead of it being capitalized, used, consumed, and destroyed by their employers as is done in many cases. It not only provides a method of capitalizing the earning power of industrial workers, but applies likewise to all producers, breadwinners of moderate means and circumstances. It is serviceable to the laborer in the agricultural districts; in fact, it is indispensable in every field of endeavor where the producer receives less income than is necessary for his proper maintenance and the support of himself and his family or dependents, according to the American standard of living. Therefore it will affect at least 50 per cent of the wage earners of the United States, as more than that number receive less than a sufficient sum to support their families and educate their children in keeping with the American demand for human maintenance, upbuilding, and wholesome living.

Mr. SUMNERS. May I interrupt you right there to ask you to explain how taking care of these sick people would increase the ordinary earnings of the people who are not getting enough in a state of health to take care of them?

Mr. PORTS. Beginning with the fundamental principle that our people are our greatest asset and to produce the greatest good to the greatest number should guide all operations and that human efficiency is the chief basis of all achievements, then when we establish a system that increases human efficiency by overcoming in so far as possible sickness and all other things that make them inefficient, we are standardizing human surroundings, raising our chief asset to its highest value, and are leading toward social, economic, and governmental altruism. The efficiency of our people or lack of efficiency of our people—that is, of the masses—is the greatest and most disturbing problem we have to contend with to-day; and when by a system of social insurance we upbuild our greatest asset by giving them opportunity to have human comforts, by making them well, by placing them where wholesome surroundings keep them well, by securing for them sufficient wages so that they may purchase wholesome food, suitable clothing, obtain good housing, we have brought about a most remarkable standardization of our people. This condition, we hope, will come in the next few years, and can only come through the universal adoption of social insurance. When we raise

the standard of our individuals, we do likewise of the community, of society as a whole, of our States, and of our Nation.

Mr. SUMNERS. I agree with you there, but what I was trying to get at is, how the insurance of a man against sickness is going to meet the situation, when he is not getting enough really when he is well.

Mr. POTTS. To provide for men when they are sick and to be able to tide them over during the interval of sickness is a social and economic question that can be worked out as easily and applied as faithfully as is now being done through sickness occurring to persons from occupational diseases under workmen's compensation. The same method and the same procedure should be followed for that purpose. There is no question but what the fact of the recurrence of illness in communities and to individuals is of such uniformity and certainty as to be utilized as a foundation for establishing a table of rates whereby a proper premium basis can be obtained that will produce a sufficient amount of money to provide for sickness whenever it occurs. That amount of money, as said by Mr. Dawson, will not be equal to the amount earned by the person to whom it is paid. The question of simulation and malingering—simulation, of course, in sickness—will not have a disturbing effect, because he only gets enough to tide him over his illness and keep him out of the abyss of poverty, while if working he gets enough to keep him within his usual standard of living according to his wages.

Another feature is, that sickness insurance is limited to a certain number of weeks in a year, and it is likewise limited in some countries in proportion to the amount paid into that fund or contributed by the producers themselves. The man who is not a producer contributes but little to that fund, and would be able to secure but little from it in case of sickness, and a man assuming "simulation" who is not a producer under the system of social insurance, will become as much of a disgrace as our tramps of to-day or present idle rich, who exist as inexcusable leaches and pests on the society of this country. The amount and method of payment in such cases is purely an actuarial problem which actuaries will be able to work out and which will in no sense become burdensome, because the number of weeks is limited and the amount of payment is also graduated and limited.

Mr. SUMNERS. What percentage of this insurance ought to be taken care of by the employee, and what percentage by the employer, and what percentage by the Government?

Mr. POTTS. That would vary somewhat, depending on the manner in which it is administered and the necessary expense attendant to its effectuation.

Mr. SUMNERS. Take our Government here in the United States.

Mr. POTTS. In our Government the Government itself should provide for the administration of the insurance either by the payment of a sufficient per cent of the fund or to administer it as a governmental function.

Mr. SUMNERS. In addition to the administration expense, should the Government make any contribution?

Mr. POTTS. If the Government administers the fund itself, which is the only and final solution of this question, I doubt if the Government should make any further contribution to the fund; but if the fund is administered, as is being done now in various parts of Europe, whereby the Government contributes a small per cent, the employer

a reasonable per cent, and the employee also a reasonable per cent, local conditions would govern as to the per cent each should contribute. If the sickness results from occupational diseases, it might necessarily be charged as a part of the industry and the whole amount paid by the employer, just as is done now in workmen's compensation in this country, and, in that event, under a proper development of this system of social insurance—when it once gets to where it maintains its normal balance, which it will after a reasonable tryout—the Government should administer it, the employee should pay possibly 40 per cent and the employer 60 per cent. In case of trade-unions having a considerable number of members, like they are in my State in the miners' union, the estimated payment could be added to the annual wage-scale agreement and cared for as an overhead charge to the cost of production. Likewise, the employer would add his payments also to his cost of production, and it will extend upward to where the whole of society meets this loss and carries the burden instead of percolating downward, as it does now, whereby it is borne by the wage earners, causing an oppressive condition that is distressing beyond tolerance in the United States.

Mr. SUMNERS. Is it better to have the community as the unit? I hope you will pardon me for asking these questions. These other folks are all wise about this matter, but I, am trying to find out for myself.

Mr. POTTS. I am glad to have you ask them, and I will answer them if I can, and if I can not there are others here who will be able to do so. I do not wish to announce a stand on that proposition at this time, because there are so many things entering into it. My judgment is, however, that the final solution will be the whole United States, owing to the fact of the mobility of labor, and that the United States should be the unit in considering this question.

Mr. SUMNERS. I am afraid you do not get me. Here is a community. I may not have your viewpoint and you may not have mine, but here is a community, and in that community there are many vocations.

Mr. POTTS. The community.

Mr. SUMNERS. The whole community?

Mr. POTTS. The whole of the community. It is true that many labor unions are able to serve their own members in a very great and advantageous manner by long-established methods of contributions, but that only relieves the members of a specific vocation of certain oppressive conditions borne by the whole of society, and does not maintain a normal balance of the burdens on the whole of society, which we are morally compelled to do in this country. Our form of government requires that the sharing of burdens and the sharing of profits shall extend to all, but the difficulty is one crowd shares the profits and the other endures the burdens.

Mr. SUMNERS. Which is more economical, to have these funds administered by the people who are the beneficiaries or to have them administered by the Government?

Mr. POTTS. To have them administered by the Government is the only safe and economic way. It may be administered in a reasonably safe and a fairly economical manner through other channels, whereby those who contribute—the State or Government select a certain number, the employer selects a certain number, and the employees

select a certain number—each in proportion to their respective contributions, and they jointly acting as a commission may administer the funds with reasonable safety, and on account of being close to those who receive the benefits of the fund possibly some advantages may come from such source.

Mr. SUMNERS. I do not want detailed answers. I am selfish; I am just trying to get it into my head, and pardon my disposition to shut you off when I get it. Where there are two people in the community earning different salaries and making different contributions to this fund, in the event those people get sick, on what basis are they paid?

Mr. POTTS. That would be an actuarial question, to be determined upon an equitable basis. Those who contributed a certain portion should be paid commensurate to the percentage contributed, sharing equitably in the fund.

Mr. SUMNERS. It is not put on the basis of necessity, but on the basis of contribution?

Mr. POTTS. Necessity would make contributions sufficient. I do not mean necessity, but I mean the benefits of this fund in its administration should be such as would make contributions sufficient to meet necessities.

Mr. SUMNERS. You take the fellow that earns \$5 and the man who earns \$6, he is just as sick as the fellow who makes \$6.

Mr. POTTS. That is true; but the amount paid to him must depend in some measure upon his producing capacity, and likewise it must be graded somewhat in accordance with the surroundings that cover each class of industry.

Mr. SUMNERS. But when he is sick it is not merely the dollar he has lost, but the physician that he has got to have and the food.

Mr. POTTS. Those are combined actuarial and economic questions, and are only wheels within wheels. They do not go to the fundamental principle, but in my judgment equitable plans for all industries, taken as a part of the entire industry of the country, can soon be worked out. Wherever possible a greater producing power would contribute, proportionately at least, to the fund of a less producing power, whereby it would seek its level somewhere, and the work of society must operate and follow some well-established and equitable plan for the protection of the entire masses, rather than various divisions thereof.

Mr. LONDON. Before you leave this subject, will you kindly tell us how the commissioners of insurance came to take up the subject of social insurance?

Mr. POTTS. Demands for relief for the poverty-stricken people in the United States, who are suffering from a most imperfect, wasteful, and unscientific method of being cared for, have arisen in a number of the States, and being an insurance problem, has been presented to the various insurance commissioners, and it is the policy of the National Convention of Insurance Commissioners to deal with insurance problems in so far as possible through committees, and the agitation in the respective States caused the commissioners to appoint a special committee for the purpose of investigating all of these social insurance questions, and such allied questions as are interwoven therewith, and report the result of their investigation to the whole body.

Mr. LONDON. And you are the chairman of that committee?

Mr. POTTS. I am the chairman of that committee.

Mr. BROWNE. I would like to ask one question.

Mr. POTTS. Certainly.

Mr. BROWNE. We have State insurance in Wisconsin, the State that I represent.

Mr. POTTS. Yes, sir; you have been administering a State life fund, and also a fire insurance fund for State property.

Mr. BROWNE. We sell insurance at considerably less than the regular old-line life insurance company.

Mr. POTTS. Yes, sir.

Mr. BROWNE. But we have found this difficulty that I do not know but what would arise under any social insurance. We have to compete with the old-line and the assessment life insurance companies. They have agents in the field that are going about from place to place soliciting insurance.

Mr. POTTS. Yes, sir.

Mr. BROWNE. Now, the State does not do that. It has that insurance law. The people can apply to the State, and it sends out its blanks to the county clerks and county officers around in each of the 71 counties that we have in the State, but we are not writing the insurance that we expected to, because of the competition of these agents that are soliciting insurance and misrepresenting the State insurance policies.

Mr. SMITH. Do they write mutual or stock insurance?

Mr. POTTS. No, sir.

Mr. BROWNE. It is on the mutual plan, I think.

Mr. POTTS. You have two forms of State insurance in Wisconsin. One is the administering of a life fund, and the other is the insurance of the State's property by a fire fund.

Mr. BROWNE. Yes, sir.

Mr. POTTS. The administering of a life fund in the State of Wisconsin has been very ably and carefully established, and is a fund that will itself finally succeed, but it has been abandoned by the present State officials to die. Under the supervision of Insurance Commissioner Eckern, of Wisconsin, that fund was greatly stimulated. The new commissioner appears to be not in harmony with the life fund plan, and it is existing simply without any support whatever. Now, this fund can not compete with the ordinary system of insurance for this reason: Insurance institutions have solicitors, and insurance salesmanship is what brings insurance, and the people have not yet become convinced of the necessity of universal insurance or general insurance sufficiently to voluntarily support that fund. The way to make a State fund successful would be to make the insurance compulsory, making the insurance compulsory and leaving it optional with the insurer as to the institution in which the insurance is to be taken; then under such conditions the State fund will outstrike all others in a very short period of time, with permanent success certain.

In Wisconsin it is temporarily impossible for this fund to succeed, because nobody wants it, nobody supports it, everybody is hoping that it will die; that is, the present political power reflects this attitude—with all due respect to the able men who are in—but they were elected with this point in view, and the effort of the present

administration seems to want to undo the "Wisconsin idea," as they call it up there, which was established by the previous administration, and the "Wisconsin idea" has been strongly combated by the reactionaries who are in charge at the present.

MR. BROWNE. I was in the legislature when that fund was established, and I am in favor of the "Wisconsin idea"; but while that insurance was a sort of disappointment in its growth because of the competition of the other companies, and now of course under another administration, with the State administration against it, we do not look for it to succeed.

MR. LONDON. And then it dealt only with life insurance?

MR. PORTS. Only with the administration of a life fund. It does not insure but administers an insurance fund, but there is no way of getting anybody in, because the insuring public do not take it upon themselves to buy insurance over the counter, while there is an army of agents after every fellow who is an insurable risk, and every argument is presented and excuse urged why he should give him the insurance and avoid the State fund.

MR. BROWNE. My point was, would not this insurance of the Government have to compete with all of these agents, like the Metropolitan Life Insurance Co., that is going around and insuring people and getting their 5-cent pieces, etc.?

MR. PORTS. That is true, but the insurance will go to a national or State fund, for the reason that it is compulsory, and the Government would be able to administer it at a much less expense and is a much safe institution, and grant insurance upon a much more advantageous basis than is possible by any voluntary insurance institution. Therefore, the compulsion to take out adequate insurance will drive the man who takes it to the best possible bargain counter and that will always be his Government or State.

MR. BROWNE. Do you think it would be constitutional to have it compulsory?

MR. PORTS. I do. A compulsory social insurance act comes clearly within the "promote the general welfare" provisions of the Federal Constitution. The wording of the preamble of the Constitution places a duty upon Congress to "promote the general welfare" of our people, and investigation shows that social insurance is the most serviceable medium of carrying out this duty.

MR. LONDON. You have been practicing law for 25 years, as I understand it?

MR. PORTS. Yes, sir; and I wish I had continued at it instead of becoming an insurance commissioner.

There is only one difficulty that occurs in any of these systems of insurance that could, in my judgment, be urged against a system of social insurance, and that is equally applicable to workmen's compensation laws, which has been upheld by the courts of several of the States; but the exact point seems not to have reached the Supreme Court of the United States, but has reached the Supreme Court of the State of Washington, and there the law was sustained.

There are two of the amendments to our Constitution, the fifth and the fourteenth, I believe, which contain provisions prohibiting the taking of property without due process of law, and when an employer is compelled to insure his employee against loss resulting from negligence exclusively upon the part of the employee, then the

question is, when you are compelling him to pay for something for which there is no legal obligation whatever upon his part, is the taking of property without due process of law. When that feature of it is eliminated, or finally passed upon by the Supreme Court, then all questions involved will have been disposed of. In any event a law could be so drawn to leave a legal option to all concerned, but provide such severe penalties as is now done in workmen's compensation laws as to make the law in fact compulsory.

Mr. BROWNE. New York decided that the law was unconstitutional.

Mr. POTTS. The first law they did, but they afterwards reenacted a law in conformity with the Constitution, leaving out those portions of the original act which the court decided had contravened their State constitution.

Mr. DAWSON. And it has been held constitutional by the New York courts, and is now before the Supreme Court of the United States.

Mr. KEATING. Permit the Chair to suggest that under our procedure these questions are supposed to be asked after the witness has concluded his statement. They were permitted in the case of Mr. Sumners because he had to leave and go to another committee meeting, but I think it would be well to permit the witness to conclude his formal statement, and if members wish to ask questions they should make a note of them and ask them after the formal statement of the witness has been completed.

Mr. POTTS. Continuing further on the point in relation to the constitutionality of this law—of course the Supreme Court of the United States must decide the constitutionality of any social insurance act and our opinions are the "lawyers guess" at this time—but as heretofore stated, under the preamble of our Constitution which creates a duty of promoting general welfare, and under section 8 of Article I, in outlining the powers of Congress the general welfare provision is again included which forcibly indicates that the Central Government should do all things which are necessary to promote the general welfare of our people and of the United States. Hence a law providing for a national system of social insurance based upon an investigation made by this committee, which investigation determines the necessity for such a law, and the committee report become the basis of the law, such a law could never be held unconstitutional upon fundamental reasons. It is the public policy that remedial legislation shall be based upon some public necessity, and that the public necessity for such legislation should be determined by a committee of the legislative body. For instance, I recall one case where one of the reasons assigned for holding the 2-cent passenger tariff law illegal was that the law was passed by the legislature without having made any investigation to determine whether or not a 2-cent passenger fare was reasonable. In other States investigations were made by proper authorities and the fact determined that the 2-cent passenger fare was sufficient and a reasonable compensation and made the basis of a law which was upheld.

If this legislative committee carries out the resolution, preferably by the committee itself or subcommittee instead of any commission, and makes a thorough and complete investigation of this subject, and from their investigation finds that a system of social insurance will promote the general welfare of the people, and of the United

States, then all constitutional objections will vanish, and this committee will have obeyed the constitutional mandates of "promoting public welfare," and rendered a public service unequaled in the history of our National Congress.

There is another medium whereby national control of social insurance institutions is possible. I would not want to give it as a legal opinion, nevertheless it is worthy of consideration. While our Federal and State Constitutions are not exactly upon the same footing, one being a grant and the other a limitation of power, yet my point is frequently upheld under State constitutions. For example, many things are by statute made a nuisance that clearly does not come within any reasonable definition of the word "nuisance," and the State supreme courts invariably uphold this statutory invasion of constitutional rights by making something a nuisance which clearly is not.

Now, then, the Supreme Court of the United States many years ago held insurance was not commerce, and under a most strained system of reasoning, recently rendered an opinion again upholding its original decision. But these decisions are based upon the ordinary definition of "insurance" and "commerce." The court having difficulty in separating them, in fact, the definitions overlap in many ways. Now, suppose Congress should pass a law defining insurance and designating it as commerce, would not the Supreme Court uphold such a statute, and make the insurance subject to congressional regulations as provided by the commerce provision of the Constitution?

Before passing from the consideration of the resolution, I wish to mention that unemployment is given as the prominent feature therein. While unemployment is an important division of social insurance, yet in our investigation we divided the different branches of social insurance by their availability to obtain statistics and adaptability of administration, placing similar hazards in the same division. In our report we took sickness, accidents, disablement, or invalidity, unemployment, maternity, old age, and dependency, discussing each separately, and have secured statistics covering the divisions separately. Giving a comprehensive system of social insurance by its various divisions, believing that some branches may be adopted in some States that might rebel against all in one measure, I am convinced that your committee making the investigation of this subject will find it necessary to likewise divide the subject into various branches, but I do not regard it necessary to change the resolution for that purpose.

The United States must compete with every nation for commercial and industrial supremacy on the globe. Our utter inefficiency and lack of general preparedness from every point of view is now apparent to every student of national affairs. In the world's crisis of clashing nations, where efficiency is the test of endurance, those found most efficient, most enduring, and most patriotic are those having the most extensive and far-reaching systems of social insurance. In a few lines of industry our country is now raging with prosperity. The product of this prosperity may be the cause of a clash that will test our national existence, and it will not be those who are reaping the prosperity that will defend our Nation when the crisis comes, if

it does come, but it will be the common people, whom we have for a half century neglected.

In our country of great natural resources and generally prosperous, one-tenth of our population is in poverty. While statistics differ materially as to the number in actual poverty, owing chiefly to the definition given the word "poverty," yet 10 per cent is a conservative estimate. This condition existing among our people is due to the failure to properly distribute the products of labor, and when labor is capitalized for the individual and for the Government, and cooperation between the two is established, then and only then, can we have a distribution of labor whereby those who produce it will receive a commensurate or at least a reasonable income on the capitalization of their producing power.

By establishing a national system of social insurance we can give to the individual the nationalized life protection, the whole life protection. We begin with maternity insurance, by which a reasonable amount of compensation is provided to insure proper care during maternity, so that the child is ushered into this world under surroundings which give favorable opportunity of living, and only a system of maternity insurance can reach the mothers who are now destined to bear the population of our future generations. It is the common people, where race suicide is unknown, to whom we must turn for a sturdy and prolific stock to upbuild and maintain our people and our Nation, and the duty is imperative to care for and look after mother and child, and maternity insurance is the medium through which this may properly be done.

There are two methods of providing old-age annuities by payment of small sums in early youth. One is "alienated-capital plan" and the other "reserved-capital plan." At the age of 5 years, under the alienated-capital plan, by the parent paying for the benefit of the child \$200 to an old-age fund, an annuity of \$350 will begin at age 65 and continue until death. The reserved-capital plan pays less, but if the child dies the original amount is returned, while under the alienated-capital plan nothing is returned in case of death of the child. I give this only as an example. Similar payments in one sum or small deposits can be made with commensurate benefits. A young man can easily purchase an old-age annuity for himself and for his wife—to be chosen later—by commencing payments early and dispose of the dread of old-age poverty for both before marriage.

Under systems of social insurance covering accident, sickness, unemployment, and other hazards affecting the breadwinning during the middle period of life, with maternity and old age disposed of, we then have whole life protection, by the automatic dovetailing of social insurance branches. Actuarial science will determine the exact amounts necessary to be paid to produce the desired benefits, and published tables will make this information available to all. We now look for a safe and convenient depository in which to place the fund not only for safe-keeping but for proper administration, and we naturally and wisely turn to our Government or our State institutions that will not make a profit out of the misfortunes of our people, institutions that will countenance no excessive burdens, institutions that protect themselves when they protect their people.

Insurance in its final analysis is but a tax. It is added to the cost of production by every producer and middleman, and is ultimately paid by the consumer. It is the distribution of the burden of human misfortunes upon the helpless consumer, and in many lines of insurance the profits are very great, this is especially true with stock fire insurance companies, which maintain one of the most formidable trusts in America. It is a fundamental mistake for any institution to reap profits out of a business created by human misfortune, and especially where the profits increase the burdens of misfortune. It is likewise a fundamental mistake for any institution to profit from a tax imposed by law or commercial necessity upon the whole people. It is contrary to the fundamentals of our Government for any tax to be burdensome and oppressive, hence an insurance tax which is made burdensome and oppressive by profits, demands corrective legislation. For any insurance institutions to profit out of systems of social insurance would be to legalize the crime of oppression and convert beneficent institutions into gainful occupations. Therefore, the necessity for this resolution must be apparent to all.

When the European war is over and conservation and salvage of humanity is supplanted for human wreckage, then the nations of the world will take rank and be measured by a new standard. The rank and standard will be determined by the nation's attitude toward its wage earners—its common people—its masses. All those traditional things which give a false rank and a false standard to nations must now give way to the establishment of a true national life and higher human betterment. National and industrial efficiency will correspond with the degree of efficiency of the people of each nation, and an efficient people can not exist in nations neglecting its wage earners—its common people—its masses, and social insurance is the one and only method of bringing to these people that efficiency that all successful and progressive nations must possess. If our Nation is to maintain a ranking position with the other nations it must base its eligibility to its assumed rank, by its actual ability to meet all other nations in national, commercial, and industrial contests, and to survive these tests its people must be as efficient as are contesting nations, and our Nation must begin at once to grant our people such opportunities and benefits as will permit them to bring self-standardization and the highest degree of efficiency.

Social insurance is objected to by many on account of its name, and it is unfortunately named. The first time you mention "social insurance" to a man who has not studied it, he imagines that it is a socialistic propaganda pure and simple, and while I regret that I have not gone into the theories of socialism sufficiently to tell how far I adopt their doctrine or how far I oppose them, and can not say whether any prejudice is justified or not; yet there is a pronounced public prejudice against the socialist, which is urged by the uninformed against this question. If the socialists are for social insurance this should for no reason injure its chances of success. It will be found that the real opposition to social insurance comes from greedy corporate interests that will be affected thereby.

Again, the word "compulsion" to the minds of many is offensive. To effectuate this insurance adequately, equitably, and permanently it must be made compulsory. The word "compulsory" is much more offensive than is any compulsory law. The best example of compul-

sory social insurance that we have in the United States to-day is compulsory education, which is social insurance in its purest form. Compulsion, in fact, more or less guides us in every step we take. When I leave my home I have to obey the traffic laws; my house must be constructed in accordance with the regulations prescribed by a building code; I can not hunt out of season; my children must obey compulsory school laws. My home is inspected under sanitation laws; I depend on the food inspector to see that my groceries are wholesome; yet all these things are for my personal good and the good of the whole community. Compulsory laws are not so objectionable as the word "compulsion" is of itself.

Workmen's compensation laws are compulsory in some States, and practically compulsory in all other States, and social insurance is just as practicable and necessary as is workmen's compensation. We can not now possibly understand how we ever tolerated existing conditions prior to the adoption of workmen's compensation, and to those of us who have gone into the study of social insurance there is exactly the same feeling with respect to this question. The division of humanity that is now remaining unprotected, enduring oppression, poverty, and misery makes a continuation of this condition intolerable.

The money and effort now spent in attempted charity and through poor laws, and almshouses, relief funds, and prisons, from increased crime due to poverty, would be sufficient to maintain a comprehensive system of social insurance and result in a hundredfold of increased efficiency and human and social upbuilding.

Before leaving the question of compulsory insurance I have in mind an example I want to give you. Fire insurance is practically compulsory, not as a matter of law, but of commercial necessity. No credit will be extended where fire risk is not insured, and a vast majority of all property is compelled to be insured. Now, then, with a compulsory insurance and no National or State fund in which protection can be obtained, leaves the insuring public at the mercy of the fire insurance monopoly. This fire insurance monopoly is maintained by a large majority of the stock fire insurance companies, making fire insurance rates very oppressive and bringing great profits to the trust companies. Fire insurance premiums to-day are at least twice as high as they would be if insurance was granted by a National or State fund. This insurance monopoly is now staggering the Nation. We are unable to control it and can only bring about a slight abatement in a few States where the legislators are not under the monopoly's influence. The necessity of this resolution is apparent to all who have come in contact with insurance conditions. The fast approach of State insurance to grant relief to an oppressed insuring public has caused the insurance interests of all lines to create a Nation-wide monopoly to resist every step toward State insurance invading any branch of the insurance business. The agents of each division of insurance have organized State organizations in every State with an added national organization. In furtherance of the plan a federation of the agents of all branches has been consummated with an army of insurance preparedness that will cause this Government to tremble with weakness in its effort to overcome their opposition to State insurance.

We seriously need a secretary of insurance—a new Cabinet position. A national head of this great industry is imperative, but such

things can only be accomplished through long-drawn-out congressional fights for proper laws and then equally long court fights to sustain such remedial legislation. The people of the United States pay annually over \$1,500,000,000 in insurance premiums. This vast sum is added each year to the great bulk before accumulated. Much of this money is available for use by the great corporate and financial interest that controls and directs the money market in the United States. Much of this money goes through channels which are destructive to the best interests of the United States, and especially to our wage earners and the masses. These things are in direct conflict with those provisions of our Constitution which require Congress to promote the general welfare of our people and our Nation, and only a Government head, such as a Cabinet officer, with broad powers over this industry, can curb the evils incident and attendant to the insurance monopoly. An example of the power of this insurance agency force may be seen from their activity against remedial insurance legislation in Illinois during the last session. Illinois has approximately 40,000 insurance agents representing all combined forms of insurance. There were 42 members of the legislature who were licensed insurance agents, and when the bellwether of the insurance trust announced, at the beginning of the session, that there would be no reform insurance legislation, his mandate was literally obeyed, and he was backed by the 40,000 members of the insurance agents' federation, which stand as the buffer between the insurance trust head and the people.

I am not an alarmist, but the statements I have made are based upon personal investigation and experience as the head of the Insurance Department of Illinois, the second largest department in the United States. I have not overstated conditions, and these conditions must be corrected, and the remedy can more quickly and effectively come through national channels. While I have extended a little beyond the tenor of the resolution, yet I feel justified in doing so, as all substantial opposition to social insurance will start from existing insurance institutions and through their many innocently named channels will reach the legislative bodies. A nationalized system of social insurance should be the answer to the activities of this committee. It should come quickly. Relief should be given to the public without waiting for independent action of the several States. Unless this committee acts quickly and some recommendation made and Congress urged to take action before the meeting of the legislatures of the various States next year, it will be contended by those opposed to social insurance that the Federal Government has this matter in charge, and will demand delay, awaiting the activities of the Government in dealing with this question.

I have digressed somewhat, gentlemen, from the method in which I wished to address you, and I have already taken up too much of your time, so much so that I do not care to take up any more, but will be glad to answer any questions that you wish to ask me.

MR. BROWNE. What writers are authorities along the line that you have been speaking on social insurance? I would like to get them.

MR. PORTS. I have in my grip a list of over 80 publications which were read and investigated by our committee.

Mr. BROWNE. If you will just read to the reporter the names of a few of the highest authorities, that will be what I want.

Mr. POTTS. If the committee wishes, I will leave a list with the committee.

Mr. KEATING. Just leave it.

Mr. POTTS. And I also wish to file as a part of my testimony my complete report as soon as the same is given to the national convention.

Mr. LONDON. When does that convention take place?

Mr. POTTS. The 17th of this month is the date of the meeting of the convention.

Mr. KEATING. Without objection, leave will be granted to the witness to file his report as a part of his remarks.

Mr. POTTS. I thank you.

Mr. KEATING. I would suggest that the witness insert the list of publications at this point in his testimony. He can prepare it and file with the stenographer such list as he may see fit.

Mr. POTTS. I will do so, and it can be given instead of reading off any of the names at this time. It might be unfair to many other authoritative publications for me to read just a few.

Mr. SMITH. I wish to ask one question. The trust that you refer to as being an insurance trust—you had reference to fire insurance?

Mr. POTTS. The National Board of Fire Underwriters is the controlling body of the Fire Insurance Trust. This trust is the most formidable of any in the United States to-day. It consists of at least 100 innocently named subsidiary institutions and committees, through which the mandates and legislative policies are enforced throughout the entire list of the States. The national board is the controlling board and deals with an iron hand with public-policy questions. All branches of insurance have their defensive and offensive organizations, controlled by well-equipped and well-schooled committees that throw out the life line to each other at the first cry of alarm; in fact, they pursue the most feeble echo and are ever ready to assist each other in all legislative battles. But the fire insurance monopoly is the most offensive and the most defiant to all control and regulation and pursues the most unscrupulous methods in resisting any attempt to bring about legislative control.

The new method of all insurance branches and institutions in both offensive and defensive work is through the federation of agents, and their work has been quite effective and fruitful. Increase the agency force is their perpetual effort, and to make agents out of officials is quite common. For example, it is their policy to appoint a city clerk an agent. It is not necessary for him to write any business, but he is an insurance agent, and the general agent will call and secure for him four or five policies so as to keep him an agent. Every justice of the peace in our country is solicited to become an insurance agent, and the general agent writes a few policies and gives them to him. It is the great army of agents that are closest to the people, who will arise in unison and resist just the things that you are trying to do by this resolution, and Congress will discover great resistance in its efforts to solve this question unless it acts firmly and quickly.

Mr. SMITH. Are the terms of this bill broad enough to include fire insurance?

Mr. POTTS. No, sir; I only mentioned fire insurance from the fact that it is compulsory, although only as a matter of commercial necessity and not as a matter of law, and a monopoly will exist following compulsory insurance unless a State or national fund is at the same time established.

Mr. SMITH. What is the purpose of that combination or organization—to maintain prices?

Mr. POTTS. To fix the premium rates and to compel obedience to the rates, and to penalize the agent who fails to follow the rate, and if he does not comply with the rates, all of the other combine companies withdraw from the risk; then the insured can not obtain insurance.

It is also true when States pass remedial legislation the combine companies withdraw therefrom and citizens are left without insurance. This is to penalize any State attempting to control them. This has happened in Texas, Kentucky, Missouri, Kansas, and South Carolina.

Mr. SMITH. Why does it not come within the proviso of the Sherman antitrust law then?

Mr. POTTS. It has been presented to the Federal Government and an investigation is now being made of the Fire Insurance Trust, but, like many other proceedings in the Department of Justice, they move slowly.

Mr. SMITH. That is being inquired into?

Mr. POTTS. Yes; that is being inquired into. A Government agent in Chicago by the name of Hinton Claybaugh has the matter in charge.

Mr. LONDON. You lay great stress on maternity insurance?

Mr. POTTS. Yes, sir.

Mr. LONDON. You have in mind every other form of insurance that is covered by the expression "social insurance"?

Mr. POTTS. Absolutely.

Mr. LONDON. Disability insurance?

Mr. POTTS. Accident, sickness, disability, or invalidity, unemployment, old-age pensions, maternity, and dependency benefits. A complete and comprehensive form of social insurance is the urgent necessity of the American people to-day, and it is their salvation from every point of view.

In dealing with the trust my attention is now called to the casualty underwriters, which maintain similar organizations to that of the fire insurance companies, and they have a workman's compensation bureau through which all public-policy methods must be ground out, and it is their business to carefully guard the interests of the companies, so that they are not injured by any new insurance methods, such as social insurance.

Mr. KEATING. The committee thanks you.

(Whereupon at 1 o'clock p. m. the committee took a recess until 2 o'clock p. m. the same day.)

AFTER RECESS.

The committee met at 2 o'clock p. m., pursuant to the taking of recess.

Mr. KEATING. Mr. London, whom shall we call upon first?

Mr. LONDON. Let Prof. Chamberlain proceed.

**STATEMENT OF MR. JOSEPH P. CHAMBERLAIN, 510 KENT HALL,
COLUMBIA UNIVERSITY, OF THE LEGISLATIVE DRAFTING
FUND AT THE UNIVERSITY.**

Mr. LONDON. What is that legislative drafting fund?

Mr. CHAMBERLAIN. It is an organization connected with Columbia University. A certain amount of money is given to the university for the purpose of enabling it to employ men to give their whole time to the study of legislation and the devising of means for improving the drafting form of legislation, including in the form not alone the words and phrases used but the consideration of the subject of legislation, not with the idea of propaganda but with the idea of clearing up doubts in the minds of the proponents of legislation, so that when a project finally comes into legislative shape, in the shape of a bill, it will express clearly a definite idea. It will not leave the people who read the bill in doubt as to what it was intended to accomplish or how to go about accomplishing that object. That is what we understand by the drafting of legislation. It is not an attempt to dictate policies, but it is an attempt to put those policies into proper language. It is the undertaking to express what they mean and to adopt the proper form of administration to carry out the policy. That explains my present occupation, and it explains, to a certain extent, the way I got into the study of social insurance. I have been working for some three years making a study of the subject in connection with the American Labor Legislative Committee and other associations to prepare material to formulate a bill to establish a system of social insurance. In the course of that study we have studied European legislation as well as the peculiar conditions existing in this country, which show that something must be done to improve health conditions, particularly of the working people.

The study, of course, was not what it should have been. A proper and thoroughly efficient study, I think, can only be made by a governmental agency which can compel the various organizations to produce their books and show what they are doing in the way of welfare work, show the percentage of sickness among the men, show the relation between sickness and wages, and show whether they can afford to pay a part of the cost of a sickness insurance scheme if one should be decided advisable. It is quite impossible for a voluntary organization to go into these matters more carefully than the committee with which I have been connected has gone into them. We have formed the strongest kind of an opinion that there should be an investigation by congressional bodies, and there are at least two reasons for that. One is that the underlying facts on which legislation should be founded can only be properly got at by an official investigating committee. The second, of course, is that only through the operation and action of an official investigating committee can the matter be properly advertised.

I suppose nearly everyone here is familiar with the work done by the committee that investigated the workmen's compensation question in New York State. They drafted a bill which was held unconstitutional; but after they finished their work compensation was a thoroughly live issue, all the points pro and con having been brought to life, and since that time compensation legislation has gone forward, as you know, with surprising strides.

There is another reason, perhaps, why I think there should be an investigation by a commission, and that is that only in this way can persons who are to be affected by the scheme to be proposed—doctors are probably the most important class—be trained to the idea effectively. If a voluntary organization takes it up, comparatively little attention is paid to it, but if the State takes it up, the people know that there is something serious about it, and they get to thinking about it, and then they make up their minds that it is a good thing and that they want to help it along. Any scheme depends upon cooperation. The trouble with the British scheme has been lack of cooperation, and particularly lack of cooperation with the medical profession. There was a lack of a properly thought-out medical scheme in the beginning and a lack of cooperation with the members of that profession before the law was thrust upon the profession. Only in this way, through the influence of a properly gotten-up commission, can these men be brought face to face with the situation and be made to think about it seriously and to sink, to some extent at least, their personality and their desire for profit in the common welfare.

I can not urge too strongly a commission such as is suggested by Congressman London in his bill, for these reasons, but I can not argue these reasons if I do not believe that health insurance is the next step to be taken in America for the people as a whole. I advocate health insurance and social insurance generally. Health insurance comes first, because without proper health insurance, you should not try invalidity insurance. A great part of the invalidity is caused—and this is not only my opinion, but I think that of everyone who has made a study of the subject—by a lack of proper early treatment. It is true that you can cut down invalidity one-half by proper sickness insurance. That, however, is the theatrical need; that is the thing that will attract theatrical attention. A man who can not work any more because of sickness is more of a theatrical figure than the man who is sick but still able to work. The way a social advantage is to be gained is by preventing that man getting into that position so far as you can. You can do a great deal in this matter by prevention. My first step, therefore, would be health insurance, to be followed by invalidity insurance. The question of old-age pensions and old-age insurance will not be discussed now, because I do not think this is the place for it.

I wish to say also that there is no question as to the consensus of opinion among the persons who have been thinking on the subject that some kind of insurance must come. Dr. Frankel, a man whose experience and work along this line has been very comprehensive, and who, perhaps, has given this subject as much thought and study as any other man, in a recent speech, said that sickness insurance must come and must come soon.

Writing in a bulletin of the department of health of New York City, one of the heads of a Brooklyn charitable organization said recently that only through social insurance, particularly health insurance, can the problems of sickness and disability be met; that neither the present methods of meeting them nor the extension of those methods which he could consider, outside of the insurance method, could cope with the difficulty.

You heard testimony this morning given by the chairman of the special committee of the State insurance commissioners on the subject. That was very illuminating. It was not only illuminating, but it was most interesting to us to-day because we had been told that it was probable that the committee would report strongly against social insurance, except as an extension of the existing system.

At a recent hearing in Boston before the joint committee of the Massachusetts Legislature, Dr. Cabot, Mr. Baird, head of the District Visiting Nurses in Boston, and Dr. Davis, head of the Boston Dispensary, expressed their views on this subject.

Dr. Cabot has one of the largest practices in Boston among the poor people. All testified most strongly that the people—the working people—in Boston were not getting proper medical attendance.

Recently in Albany Dr. Lambert, of the American Medical Association, said practically the same thing. Dr. Frankel made a statement at a recent meeting in Washington that as the result of an investigation of the situation in Rochester and Trenton, N. J., he was satisfied that at least 40 per cent of the people—the sick people—of those cities were getting no medical attendance at all. Almost a similar situation was shown to exist in Dutchess County, comprising the city of Poughkeepsie.

I might say that the question of health insurance is not at all an urban question. It is probable that an investigation of the country districts will show that the farmer is in fully as great need—perhaps a greater need—of some kind of cooperative health movement than are the citizens of the various towns. If you wish cumulative evidence of the necessity for some sort of care, you have it in the fact that there were 4,000,000 visits made in 1914 to the dispensary in New York City alone.

That simply means that the persons who went there were treated. There is no provision at all made for them. It shows that most of those people were too poor to pay a physician, and no provision was made for medicine, and none at all for the kind of food that they needed. There is no provision at all for paying sick persons enough to enable their families to exist while they are laid off from work a short time. A rest of a day or two, or, perhaps, even a week's rest, very frequently plays a most important part in the cure or the prevention of a serious illness of the wage earner. There is no provision made for the extension of the service in the hospitals and in the dispensaries.

Therefore I say to this committee of Congress that in some way congressional investigation should be made of the whole question, because it is admitted by persons of authority, speaking in regard to this matter, that it is sure to come. It will not be time to make the investigations after it has come. Congress should not lag far behind. Congress is chosen to lead the people, to a certain extent, and not to be pushed into action. Congress should be informed through its own official commission as to what the need is, and should have its mind made up, to a certain extent, how to meet it.

There is a terrific need of better health protection and of better medical attendance. There should be some way of assuring the sick wage earner that he can take a few days off when he first begins to feel sick. There are thousands of cases where laying off a few days will mean starvation for the wage earner's family. That is a need

that I think no one will question. There may be other ways of meeting that situation, although none have been brought out.

Furthermore, Congress can see from the experience of the European countries whether these methods of fighting disease and destitution have been successful, and with all these views placed before you I do not see how you can claim that you should not make this study.

Perhaps I should say one thing more. The insurance of a sick workman or sick person should include several things, among which are these: Prompt medical care, so that there will not be any danger of a long illness, because he was taken care of at the beginning; and it should include proper medicines. Dr. Cabot has said very truly that there is nothing much more discouraging than to tell a man who comes to you in need of proper medicine, proper food and rest, that he should lay off and buy eggs, milk, etc., when you know perfectly well that if he quits work for three or four days his family will probably be close to the starvation point.

Another thing to be accomplished is assuring the family of a sufficient living during the time the man himself is taken away from his work in order that he may be cured. A man should not be afraid of running directly into the poorhouse because he has to quit his work. I think this can be accomplished by the insurance method. It has not been accomplished by an existing method.

It might be interesting also to call attention to the fact that in the mines of America there is what is known as the doctors' fund. In a conversation with coal miners in Pennsylvania some time ago, the strongest dissatisfaction was expressed with that. It is entirely oligarchical. It is managed entirely by the mine owners, the men having nothing to do with it. However, they realize that it is better to have that kind of a fund than none at all, and they accept it. The men have nothing to say about the choice of the doctor, and there is no provision for a man who lays off from work. In spite of these defects the doctors' funds exist, and are certain not to go out of existence, so far as these mines are concerned.

Then, there is the question of the interstate railroads. Conductors and engineers are probably among the highest paid workmen in the country, and in probably no other industry are there so many insurance funds. These insurance funds, in some cases, are absolutely compulsory. It is perfectly idle in this country to say that compulsion is a new and not a well-known thing. It is well known, and it has been in existence a long while. It is compulsion at the hands of the employer; it is not compulsion at the hands of the State. It is something which the employee provides for, but with which he has nothing to do. These funds have existed in the various railroads, and I have not heard any complaint against them. I know that the Baltimore & Ohio requires them, and I believe that a great many other roads do. It shows an acknowledgment on the part of the men that this kind of insurance is a good thing for them.

It is a difficult thing for the State to deal with the question, for the railroad may run across a number of different States; and it may be better to keep on under the existing organizations with some few changes than to allow it to be cut up into half a dozen different organizations.

This is an important question for Congress to take up, and I should like to see congressional action whether the States take action or not.

I do not think I have anything more to say with which I should take up the time of the committee at present. I came down here to support the idea that there should be a congressional investigation, and I can not see any excuse for Congress refusing to make one.

Mr. LONDON. You have limited your study to health insurance?

Mr. CHAMBERLAIN. I have studied health insurance. It includes a study of old-age insurance and old-age pensions. I have made only a slight study of insurance against unemployment. While I do not think it is necessary to say that that matter should be also investigated, I have made sufficient study to be completely in accord with an investigation on that subject. I do not feel, however, that I have any definite suggestions along that line. I could, of course, make much more detailed suggestions along the line of sickness insurance than I have done. I do not understand, however, that that is the desire at the present time.

STATEMENT OF MR. I. M. RUBINOW, 131 EAST TWENTY-THIRD STREET, NEW YORK, N. Y., EXECUTIVE SECRETARY OF THE SOCIAL INSURANCE COMMITTEE OF THE AMERICAN MEDICAL ASSOCIATION.

Mr. RUBINOW. I appear here at this hearing to urge favorable consideration of Mr. London's resolution at the request of the national office of the Socialist Party of America, of which I have been a member for nearly 20 years. I want to add, however, that I would have probably endeavored to appear here on my own initiative, even if it had not been for this important and flattering commission, because of personal interest in the social insurance movement for the last 13 years.

It is entirely possible to be an enthusiastic supporter of the social insurance movement without necessarily adopting the Socialist program in its entirety. And yet I will ask you to remember that the Socialist Party of America was the first national political organization to include a comprehensive program of social insurance in its platform, and has had it there for the last 12 years. The reason for this is not difficult to understand.

I have no intention of encroaching upon my limited time for the purpose of developing at this opportunity the general philosophy of the socialist movement. I feel that Mr. Meyer London may be trusted to perform this function to our entire satisfaction. I will only say that a Socialist criticism of present-day organization of industry includes a protest against the persistence of the problem of poverty and destitution amidst conditions of plentiful production, made possible by modern industrial development. Social insurance is demanded by the Socialist movement because it presents at present the most effective, perhaps the only effective way of solving the problem of destitution in present-day society without waiting for the more radical changes which we are certain must eventually come.

Gentlemen, some of you may be in the habit of reading the New York Times, and perhaps you have noticed the pathetic appeals which are made every year in the Yuletide season for charitable

relief for the 100 most worthy cases. Statements are still current that the cause of destitution may be looked for in the moral delinquency of the destitute.

For the purpose of ascertaining the facts I undertook, two years ago, to make a statistical analysis of these 100 cases, to determine what were the causes which drove those 100 families below the line of economic independence. The analysis was published in *The Survey* for January 3, 1914, was reprinted in the report of the New York Commission on Relief for Widowed Mothers, and at that time caused considerable discussion among social workers and other persons coming in direct contact with poverty and destitution.

While 100 cases do not offer sufficient material for any broad deductions, the following results of the investigation are nevertheless extremely significant.

Altogether, in these 100 cases, 182 causes were described, as follows: Industrial accidents in 7 cases; nonindustrial accidents in 2 cases; sickness in 24 cases; incapacity, due to old age, in 6 cases; incapacity, due to tuberculosis, in 20 cases; other cases of invalidity in 2 cases; widowhood in 45 cases; orphanage in 52 cases; desertion in 13 cases; so-called vice, of which, however, the destitute were rather the victims, mainly girls, in 11 cases.

You may notice the absence of the very important factor of unemployment, not that unemployment was not responsible for a very large amount of destitution in New York in the winter of 1913, but evidently because these cases did not get into the category of most deserving cases.

My reason for asking your attention to these dry figures is just this, that almost every one of those conditions is what I, as an insurance actuary, would call an insurable proposition—either an accidental injury, or sickness, or old age, or invalidity, or widowhood, or orphanage due to premature death of the breadwinner. They are individually misfortunes, to be sure, but they are misfortunes of the kind against which a social remedy may be developed, against which a social remedy has been developed and is in actual operation, to some extent, in all industrial countries, and since the last five or six years even in this country. It can not be said any more that the problem of destitution is unsolvable, that because we always have had the poor with us we must continue to have them with us; nor can it be said even by the consistent Socialists that nothing less than the abolition of the capitalist system can solve even this problem of actual destitution. The Socialist ideal does not depend entirely upon the plea that without it people must be hungry and cold; and whether you are ready to accept the ideal or not, the principles of humanity, of justice, or religion, must rebel against the continuance of destitution and the failure to adopt a remedy that has been tried, and which, within the field in which it has been tried, has on the whole been found successful.

This, of course, is only a bold statement of principle. One can not expect its adoption without further investigation and study. The resolution before you, as I take it, does not commit you to any particular system of social insurance, or even to its adoption. It simply calls for a commission to investigate the subject. With the existence of one or more of the branches of social insurance in practically every civilized country of Europe, the Government of the United

States can not close its eyes to the possibility of a remedy against destitution. The least it can do it to undertake a comprehensive study of the entire subject, so as to help the American people to arrive at a conclusion as to whether the remedy developed by European labor and European scientific thought is or is not applicable to conditions in this country.

Let us subject the problem of destitution of the individual family, the standard consumption unit of this country, to a careful study.

As Prof. Nearing has pointed out in his book on Income, all incomes may be broadly classified into those depending upon service or effort and those depending upon property. We all know that for announcing this doctrine Prof. Nearing has forfeited his position at the Pennsylvania University, but without trying to raise this controversy here, the situation would appear rather as a good joke at the expense of the gentlemen who seemed to have discovered in Dr. Nearing's statement as great a new truth as the famous gentleman of Moliere's comedy who did not know that he had been speaking prose for 40 years—because the distinction between labor income and property income is something that even a child almost instinctively will appreciate.

It is not at all necessary to deny the fact that there may be a very large proportion of people who combine both sources of income, but it is nevertheless true that perhaps two-thirds of the population of this country are wageworkers whose chief and practically only source of revenue is derived from the weekly wage they receive for their effort. I know that it is quite customary to point to the large accumulations in our savings banks as an indication of the property that belongs to our working class. What basis there is for the assumption that all this four thousand million dollars belongs to the working class I have never been able to discover. As I pointed out in my book on Social Insurance, only for the one State of Connecticut some interesting statistical data are available, and from those we learn that nearly 40 per cent of the savings in that State belong to people holding over \$2,000, and surely very few wage-workers are in that class of depositors; that, moreover, the proportion claimed by these large depositors of the middle class has increased from 20 per cent in 1880 to nearly 40 per cent in 1910; that 85 per cent of the depositors have less than \$500, and that the average deposit of those is a little over \$200. This \$200, with a legal income of some \$7 a year, represents the average share of the average workingman in the property income of this country.

Now, then, any cause, any factor that either deprives a family of its wage income or reduces it below the necessary minimum for existence throws that family into the class of destitutes. These causes evidently may be:

1. An insufficient wage level;
2. Absence of able-bodied breadwinner in the family;
3. Physical disability, due to whatever cause it may be, which altogether destroys the earning capacity of the breadwinner or reduces it below the normal level sufficient to support a family;
4. Inability of an able-bodied breadwinner to find employment because of disorganization of the labor market; and
5. Unwillingness to perform regular remunerative labor because of some fault of character.

I believe it may be quite definitely stated that any case of destitution with which you are personally familiar should come under one of these few classifications. The question remains as to the comparative importance of these five factors. It is customary for those who want to close their eyes to the social problem involved and who resent any social policy that might interfere with their profits to emphasize the fifth class to the exclusion of all others; but it would seem to me to assume the entire condemnation of industrial and moral civilization, or religion, or science and culture to insist that all the enormous amount of poverty present even in this the richest country in the world is due entirely to faults of character. Surely those who insist upon this explanation are in duty bound to explain why those faults of character become more numerous in winter than in summer, why they suddenly seem to extend to millions of wage earners during years of economic crises. Having set aside this explanation as preposterous, though recognizing that there is a certain residuum of moral delinquency which presents a social problem of its own, we must all admit that the bulk of destitution may be found due to any one or more of the first four cases. The importance of a sufficient wage level must not be disregarded. The organized-labor movement on one hand and labor legislation on the other, aiming at minimum wage standards and reduction of hours and improvement of working conditions, are slowly combating this evil.

Serious as it is, after all the worst cases are not those which are due to insufficient wages, but those where the wage-earning power is either temporarily or permanently absent; and with all these cases coming under groups 2, 3, and 4, social insurance methods endeavor to cope.

Let us examine those causes, or the groups 2, 3, and 4, with somewhat greater care. Absence of a breadwinner in the family in a few cases may be due to abandonment, but in the vast majority of cases we are dealing with the problem of widow and orphan due to premature death of the breadwinner, either through accident, industrial or nonindustrial, or in the ordinary course of events, through some illness. For the purpose of dealing with the results of industrial accidents the method of compensation has been developed, but we in this country should be especially mindful of the fact that accidents occurring outside of the shop and factory are, on the whole, perhaps as numerous and as destructive in their economic results as industrial accidents. All of us know that the hazard of premature death is an insurable proposition, that protection against economic loss sustained may be obtained through ordinary insurance channels, but we should also know that, notwithstanding the tens of millions of policies written on lives of injured workingmen, the average amount of insurance is so pitifully small that it offers no solution of the economic problems created by death. We have advanced far enough not to depend upon the workingman's industrial life insurance policy to meet the problem created by death through industrial accidents, but, after all, as far as the widows and orphans are concerned, it makes very little difference whether the death has been caused by some piece of complicated machinery in an industrial accident or by a street car or automobile in the street, in a nonindustrial accident or through typhoid or pneumonia germs. The problem of destitute widows and orphans is still before us. Some efforts to meet it have

been made through the numerous mothers' pension acts adopted in this country within the last three or four years, but even those remedies are as yet altogether inadequate and the problem of some comprehensive form of widows' and orphans' insurance is still before us.

A man without an arm or leg, a man with substantial paralysis or weakening of the muscles, a man all bent down through chronic rheumatism, or suffering from tuberculosis, represents a very much graver problem. Ageing, we are dealing with the problem of accident and disease, for which well-known methods of insurance protection exist. Those two causes, accident and disease, may be spoken of as hazards, but the workingman who avoids both and who does not succumb to some premature death must meet another emergency almost as certain, that of old age, the grave problem which has caused so much concern to the countries of Europe, and which until now has been woefully neglected in this country. The economic problem of old age is primarily a problem of modern civilization. Moreover, it is a problem essentially of the working class. Commerce, professions, and politics, especially politics, have furnished numerous examples of the admirable vigor and useful activity of men past 60 and 70. We look askance at the man who dares to aspire to the highest and most trying political office of the land before having reached his fiftieth birthday. But side by side with the achievements of old age in arts, literature, business, professions, science, and statesmanship, modern civilization has created the very grave problem of superannuation, the problem of the jobless, incomeless, propertyless old men of 50.

Of course, under normal conditions old age should lead to a gradual failing of productive powers, and yet in a normal community the usefulness of an old man or woman should not cease until actual senility is established; but under a wage system economic old age arises suddenly when the worker is still fit for a productive activity. He finds himself below the minimum level of productivity set by the employer for reasons of commercial gain. Moreover, there are good reasons why the wage worker actually does age much earlier than men in higher walks of life. The constant speeding up of industrial processes, the almost inhuman intensity of effort known as industrial efficiency, the work under conditions injurious to health or dangerous to life; all these factors in modern industry work together to aggravate this situation.

A study of American statistics demonstrates that there is a gradual elimination of older men from industrial activity, though at the same time the span of life increases, due, perhaps, to general improvement in sanitation and medicine. All industrial countries have therefore found that the problem of old age is rapidly increasing in intensity. Either through a system of old-age pensions or through some complex system of old-age insurance, the problem can be met, is being met in other countries.

And, finally, there is the tragic problem of the man able to work, anxious to work, but unable to find employment. I do not intend to take your time in discussing this problem at any length, because other speakers—Miss Poyntz and Dr. Stone—are here to devote their special attention to it. It is a big, broad problem, requiring various measures of statesmanship. The relief of destitution caused by it is not the only aspect. Recognizing, as Socialists do, that the problem of unemployment lies at the very foundation of modern capitalist

organization of society, it is nevertheless certain that a good deal can be done to reduce this amount of unemployment to a minimum, and the waste of human energy which results from keeping millions of people idle is as serious an economic problem as the suffering of individuals which it involves. But limiting ourselves for a moment to the latter aspect of the question, unemployment is a hazard against which insurance methods of protection may be effectively applied. All these possibilities of insurance methods in overcoming human suffering resulting from destitution are not the invention of a fertile imagination.

Against almost every one of these, except possibly that of unemployment, insurance protection can be purchased even to-day in the open market at commercial rates. It is possible to imagine a workman protected by policies against industrial accidents, disease, invalidity, old age, and the results of death. The only trouble is that his wages may not be sufficient to purchase all these various forms of policies even if he needed no fund for current expenditures, and there is the situation in a nutshell. The middle classes who need the protection a good deal less, because they are not exposed to the same degree of hazard, are in a position to acquire this insurance protection at rates which, though extremely high, are not necessarily prohibitive to them; but the wageworker, who needs it most, can not afford to buy it. We have recognized that for the last four or five years, as regards the problem of industrial accidents, 33 States and Territories have established compensation systems, but after all the problem of industrial accidents is only a very small part of the economic dangers threatening the well-being of a wageworker's family.

Now, Europe has been facing and studying these problems for over 30 years, and there is not a single form of social insurance here suggested that is not in actual operation in some or all countries and is not meeting with considerable success in alleviating the problems for the solution of which nothing has yet been done by the organized social powers in this country. Compensation for industrial accidents existed almost throughout Europe, with the probable exception of Turkey, before the first compensation act in this country was passed.

Compulsory social insurance against sickness exists in Germany, Austria-Hungary, Norway, Great Britain, Russia, Holland, and even Roumania, and to some extent also in Belgium, Italy, and France. Compulsory social insurance against invalidity and old age is found in Germany and France and a few minor countries of Europe, and is being agitated in a great many others, and would have been established by this time in several countries had it not been for the unfortunate war. On the other hand, Denmark and Great Britain met the problem in a different way by establishing State old-age pensions. It was thought for a long time that unemployment insurance presented extreme difficulties; yet state-subsidized voluntary unemployment insurance has been successful in Belgium and Denmark, Norway, and other countries; and Great Britain, breaking away from all traditions, launched upon a system of compulsory unemployment insurance which proved to be extremely successful.

I am not here to advocate definitely this or that particular action that must be taken, but, gentlemen, in view of this enormous activity throughout several lands for some systematic way of meeting the

problems of destitution, in view of the great success that accompanied this or that experiment in various countries, it is high time that the American people made a careful investigation to determine how much of this policy is applicable to us; and that, as I understand, is practically all that the resolution calls for.

The Socialist Party believes that social insurance is a practical and effective method of coping with problems of destitution in present-day society. We recognize that it is a belief in which we have no monopoly, and we insist that at least a careful investigation be made so as to determine the course of immediate action.

What is the basis of this social-insurance method? In what respects does it differ from ordinary insurance protection which you and I can purchase from commercial insurance companies? There is a great deal of unnecessary mystery about the movement of social insurance. The technical aspects may be extremely complex, but the underlying philosophy is extremely simple.

First, it is evident that the business of meeting the destitution of millions of people is one out of which no profits should be made; and social insurance differs from commercial insurance in eliminating the element of profit.

Second, while you and I, in insuring our lives and our property, should properly pay the full cost of insurance, we recognize that the wage worker is unable to do so. His income in the vast majority of cases is barely sufficient to provide a decent standard of living, and in millions of families is below that standard. The causes of hazard are largely ones for which he is not responsible. The workingman does not administer industry, and can not be held responsible either for its disorganized state, which causes unemployment, nor for the machinery which causes industrial accidents or undermines his health. The working man has comparatively little to say about general health conditions in the community, and he should not be held individually responsible for bad housing conditions, unhealthy food supply, bad water or milk, which causes illness; and because the causation of hazards falls back partly upon society at large, and partly upon industry as organized at present, and only partly upon the workingman himself, we insist that the wage worker must be relieved of a substantial part, if not the entire cost, of bearing the insurance. There are those who insist that no contributions to the cost should be borne by the wage worker himself. For various reasons I, personally, am not willing to go so far, but the share of the cost borne by the employer as well as society at large is an essential aspect of social insurance.

And, finally, there is the element of compulsion. We recognize that to a good many Americans this may appear as a somewhat novel conception, and yet we freely employ compulsion in a great many other cases, where the whim of the individual must yield to consideration of public good. Even compulsory insurance is no more a doctrine without precedent in this country, because compulsory insurance by the employer against industrial accidents is already practiced in many States and has been declared constitutional.

The social insurance movement is perhaps the most important movement in social legislation that is facing the American people at the present moment. Just because we were 30 years behind civilized Europe in beginning to apply this method for improving the

social conditions is no argument against the theory. The very rapidity with which one branch of social insurance—namely, workmen's compensation—has spread throughout the country within the last five years is an indication that the conditions are ripe. We can not blind our eyes to the problems of poverty by insisting upon the difference in wage conditions in this country and Europe, because one investigator after the other has demonstrated the existence of millions of wageworkers whose earnings are below the necessary level for preserving a decent standard of life. We can not complacently assume that conditions are righting themselves automatically without our making any conscious effort.

The increase in the cost of living within the last five or six years has made all the economic problems very much more acute than they ever have been in the past. In a study on "The recent trend of real wages," published in the *American Economic Review* about a year and a half ago, of which I shall be glad to submit a copy for the consideration of the committee, I have succeeded in proving that the real wages, as expressed in the purchasing value of money wages, have been reduced nearly 15 per cent from 1900 to 1912, and there has been no improvement since then, so much faster has been the rise in prices than the rise in wages. Only through reduction in the size of families, and through the influx of women, both married and unmarried, into industry has the American wage-working class succeeded in at least partly preserving its economic status; but for the optimistic statement of the man on the street that the American wageworker is improving his conditions and standard of living all the time, there is very little basis in fact. In a recent article in the *American Economic Review*, published only two weeks ago, Prof. Henry Fairchild, of Yale University, raises the question "The standard of living—up or down?" and he says, "We easily jump to the conclusion that while the rate of gain of the poorer classes may not be so rapid as that of the wealthier classes, yet it is positive, so that everyone has grounds for complacency and none grounds for complaint." "But," he proceeds to state, "it is significant that no reliable proofs have been presented in support of either view." And after 20 pages of comprehensive statistical study, he arrives at the conclusion: "The foregoing data disproves the right of anybody to assert with serene confidence that the standard of living of the American laborer has improved in the past 30 years. The burden of proof is laid on the optimists to bring forward some positive verification of their assumptions." I may add that as yet this has not been done.

May I be excused for quoting the concluding sentence of my own book on social insurance, which was published some three years ago?

There can be no peaceful advance as long as the present problems of human destitution remain unsolved, and nothing short of a comprehensive national system of social insurance against all the factors of poverty, such as death, sickness, accidents, invalidity, old age, or unemployment, offers even a semblance of immediate solution.

Gentlemen, I have been insisting upon this immediate program since 1903, and there was very little enthusiastic hearing that I could gain in the early days. Invariably those ideas were dismissed as visionary and un-American, sometimes by the very same people who are now found in the ranks of enthusiastic supporters of the social-

insurance program. The movement has made considerable headway within the last few years. Old-age pensions have been agitated in Massachusetts, Wisconsin, and in the United States Congress. Mothers' pensions, though often extremely limited in extent, have been adopted in some 22 States. Sickness-insurance bills are being pushed with vigor in Massachusetts, New York, and Ohio. An unemployment committee has prepared an unemployment-insurance bill in Massachusetts, and the whole topic of unemployment insurance has been made the subject of wide agitation since the critical conditions of the winter of 1913. There is a social-insurance commission to study the subject in California, and there may be similar ones in Massachusetts and New York.

You might well ask, "Why insist upon a Federal commission?" There are, however, very substantial reasons for demanding one.

First, the subject is extremely large and complex and it seldom receives a comprehensive investigation from a State commission.

But more important is the consideration that State commissions can only result in State action, and yet the very momentous question must necessarily face us whether State action can remain satisfactory. State action was extremely productive in bringing the movement to a head. Not for a moment would I suggest that such State action be interfered with. But not only does it remain limited in extent, but it creates difficulties of its own, and it is high time to determine whether the constitution of difficulties usually referred to as an objection to national action are not a figment of imagination only.

State action is necessarily slow. The first State compensation act was passed in Montana in 1909. Though seven years have elapsed, 17 States still remain without compensation systems.

State action results in discrimination, which on social grounds is hard to explain. Again taking illustrations from the experience in compensation, it makes a great deal of difference to the injured or his dependents whether a man has been hurt or killed on the left or right side of the Hudson River. If a man with weekly earnings of \$24 has been killed in New York City, his widow will get \$16 a week, while she would get only \$12 if her husband had the misfortune to live in Hoboken. She would get it for life in New York, and only for six years in New Jersey.

The threat of interstate competition is always made against any act of progressive State legislation, and the fear that the next-door neighbor may not do as well makes every State action timid and stingy. Moreover, with modern interrelationship between one State and the other in economic activity, complicated questions must arise when labor or capital flows from one State to the other as to what the rights of the injured person are, and under what law he must seek protection. If a New York corporation employs a teamster who lives in Hoboken, and should send him with a load of goods to Connecticut, where he is injured, the supreme courts of three States may be called upon to decide what the rights of the man are in the premises; and, as was to be expected, no two courts agree on the question of extraterritoriality, a new legal problem that has arisen since compensation went into effect. And yet the problems in connection with compensation are comparatively simple. How to organize a system of old-age insurance or unemployment insurance within

the limits of one State without putting any handicaps upon the free mobility of labor, which is so very important to reduce the amount of unemployment, is a grave economic problem. It is time that the whole matter be subjected to a very careful consideration with a view that the possibility of national action on those lines shall be considered.

I have taken perhaps a great deal more time than I intended, and there are other speakers who will bring various aspects of the problem of social insurance to your attention. I will therefore conclude by summing up the whole situation in as few words as possible. The problem of the destitution of millions is the gravest problem that confronts this as well as any other civilized society to-day. The method of social insurance is the only one which in the experience of modern Europe has succeeded at least in mitigating the sea of human destitution, and promises to abolish it almost altogether. Congress has no moral right to refuse to the American people at least all the information on the subject.

**STATEMENT OF MISS JULIET STUART POYNTZ, DIRECTOR OF
DEPARTMENT OF LABOR RESEARCH, RAND SCHOOL OF SOCIAL
SCIENCE.**

Miss POYNTZ. I have come here, Mr. Chairman and gentlemen, to speak this afternoon on the subject of unemployment, not merely of unemployment insurance as a part of the subject of social insurance, but also of a general program to deal with unemployment in general, because it is impossible to conceive any project for unemployment insurance separately from a program for the solution of the unemployment problem in general. It is very important at the present time to consider the problem of unemployment in general and evolve some large program for dealing with it. This subject is vastly more complicated and more extensive than any of those you have been hearing about, I believe. It is a problem that is as large and complicated as the whole field of industry. I am very sensible of the difficulties of dealing with the subject in the short space of time that I have at my command this afternoon, and all I shall attempt to do is to try to indicate the general character of the problem we have before us and the consequent desirability of a closer examination into it by such a commission as is recommended in Mr. London's bill.

I have been studying and observing the phenomenon of unemployment for the past eight years. I was for two years in charge of investigations in various industrial centers for the United States Immigration Commission, during the period of the terrible crisis that swept over the country in 1907 and 1908. I came very closely in contact with the people affected at that time and examined into the unemployment and living conditions at that particularly serious period. After that I was sent to England as a representative of the National Federation of Women's Clubs, and there devoted a large part of my time to the study of unemployment in Europe, and published the introduction to the volume on "Seasonal Trades" edited by Mr. Sidney Webb. I happened to be in England at the time the bill for social insurance passed through Parliament, and followed the discussions in the press and elsewhere, in England.

Since my return to this country I have made a study of the question in cooperation with the Boston Chamber of Commerce; so what I have to say is based, to a great extent, on personal experience and on a comparatively wide personal study of the actual conditions.

We have been face to face very recently, within a year, with a problem that confronts all societies at the present day. Every few years the problem of a great industrial crisis comes to us, with tens of thousands of men thrown out of work for longer or shorter periods of time. When we meet such a situation we are quite at a loss. We do not know how to deal with it.

In such times you will find in all our communities vice and misery and destitution. Charity is bestowed upon them in vain, for all the funds that can be given through the work of charity are far inadequate to meet the problem, nor do they prevent its recurrence. The problem can not be met that way. That public works, especially as administered at the present time, do not meet the needs of the many who are unemployed is recognized. I speak especially of public works, because that is the line of activity we have most frequently adopted, especially in our recent crisis. Just at this moment a committee of this sort must feel the necessity and desirability of examining the whole situation in regard to unemployment in this country with the idea of seeing whether there is not some more vital and far-reaching method for handling this problem than those which have been tried and have failed.

In approaching this subject we must understand that we are dealing with the entire field of industry and of the labor market. Any remedies advocated must, therefore, go rather deep into the structure of our society—must deal fundamentally with the causes of this great evil. There was a time, comparatively recent, when unemployment was still thought of by comparatively intelligent people as a personal problem. It was supposed that any man who wanted a job could get it. Opinions have, however, changed upon this point.

The time is past when the problem of unemployment could be disposed of either by ignoring it, as was the practice until recent years in America, or by attributing it to mere laziness and inefficiency. We are beginning to recognize that the causes of unemployment are social and inherent in the present method of industrial organization, rather than individual and due to the shiftlessness of "won't works." We have come to realize that unemployment is an industrial phenomena, and not a personal one, and that any remedies that are to be of value must be industrial and not personal remedies. The unemployed should be carefully distinguished from the unemployable, for they are far more important in numbers and they form the material from which the unemployable are in time produced. Every step toward caring for the unemployed will thus lessen the number who become unemployable.

I want first to point out a few preliminary considerations as to the nature of this problem. We must consider these facts before we can evolve any really thorough method of dealing with the problem. We are coming more and more to realize in this country that, in all our social problems, we must study the cause and not merely apply superficial palliatives which have no more effect than the application of a plaster in the case of a serious blood disease.

What is unemployment? It has been suggested to me that it might better be called "malemployment" or "disemployment." Doubtless either one of those terms would be better than "unemployment." For unemployment is not a question of the idleness of wage earners for several years at a time. We do not have a separate group of people to whom we may point and say, "They are the unemployed." If that were so we could deal with that particular group and cure or eliminate it.

As a matter of fact, the unemployed are the working class, the whole industrial army. The essential characteristic of the modern workingman's life is insecurity. Modern factory production is subject to constant fluctuations often incalculable, often severe, always productive of unemployment for the workers. The workingman is the victim of the situation. When the factory shuts down the manufacturer takes care of his machinery, keeps it under shelter, oils it, and covers it up, so that it will not deteriorate. With his living machinery he does not do this. He can only turn his workers out into the street to swell the army of unemployed labor. In the case of a crisis there are no openings in other factories and in other industries, because a crisis means a general depression in industry. So we have the situation of having in New York, Boston, Chicago, and other big cities, large bodies of men willing and anxious to work, with families dependent upon them, and without any opportunity to earn the simplest necessities of life—men of the very best character and the greatest determination to earn a living.

Unemployment is due to the incapacity of industry to absorb the whole supply of labor at any given time, or indeed at any time, for there is always even in most prosperous times some unemployment, an "irreducible minimum" which rises in bad years to appalling proportions.

This permanent excess of supply over demand in the labor market is caused largely by the constant fluctuations of industry which make it necessary to have reserves always waiting ready to answer the calls when they come. Hundreds of thousands more of workers are needed in good years than in bad years to operate our industries, and in each industry many more are needed in the busy season than in the slack season. Furthermore in almost any business there will be special calls for more workers to be taken on for a few days, a few hours, or a few weeks, and large reserves must be ready to fill these casual demands. To the reserves required for these three types of fluctuations in industry, periodic or cyclical, seasonal, and casual, must be added the surplus produced because of (1) the inefficient handling of these reserves and the lack of means of transferring workers smoothly and rapidly from job to job; (2) the temporary displacement of workers by new machinery; (3) the lack of adaptability due to old age or to mental or physical weakness, and (4) the lack of industrial training either in youth or in adult life; (5) overspecialization which confines the chances of employment of the worker to small subdivisions of industry and particular operations.

There is thus at all times and all seasons a fringe of workers in reserve standing around each industry, and often each separate business in wait for the chance of a demand for their particular kind of labor.

I want to illustrate the nature of this with one or two charts, which I prepared last year in connection with a general investigation into the subject made for the Boston Chamber of Commerce. This will illustrate better than I could describe it the actual character of the problem of unemployment. It is a problem of irregular employment. Employment varies from one part of the year to another. In every industry we have a seasonal fluctuation. We usually think of farming or tailoring as seasonal. As a matter of fact, every industry is seasonal. Every factory has a period of depression and a period of excessive output within the year. It is a very extensive seasonal unemployment, and this is responsible for a great deal of the evil that exists, for the general lowering of the standard of living, and for the uncertainty in the tenure in the workingman's job.

CAUSES.

In any attempt to remedy seasonal irregularity, a thorough analysis of causes is essential. The forces that produce the peculiar rhythm of industrial activity described above lie deep in the organization of industry, in social habits and individual tastes, and ultimately, but often only indirectly, rest upon the alternation of the climatic seasons. The weather, while perhaps the fundamental factor, interacts with the economic and social environment to such an extent that in many industries the causes of irregularity seem almost purely economic or social. In others the weather plays the predominant rôle, and affects production directly, especially in the open-air industries, building, shipbuilding, agriculture, brickmaking, quarrying, and stone cutting and outdoor unskilled work of all kinds. In other cases it is consumption rather than production that is affected and the demand becomes seasonal. The muddy weather of winter and early spring means a spurt to the rubber shoe industry, though the influence of fashion is coming to be an important factor here since each new style in shoes must have its rubber shoes to fit.

The sale of both rubber clothing and rubber shoes is dependent to such an extent upon the weather, however, that a variation of a few inches in the rainfall of a season will materially affect sales. One company manufacturing rubber cloth states that continuous rain during one autumn season caused such a pressure of orders that it was impossible to fill them. Heavy snow increases the demand for rubber shoes because the workingman, who is a large consumer, but buys only on necessity, is then forced to buy. A "close" winter and "rainy" spring and autumn are desirable from the point of view of the rubber industry. An unusually cool summer in one recent year spoiled the market for low shoes and brought about enormous sales at ruinous prices. Delay in the change of weather at the beginning of seasons often causes considerable dislocation in the plans of manufacturer and retailer. The double season, spring and fall, for heavy and light weight clothing is characteristic of all the garment trades and of the boot and shoe industry, though in both the influence of style intensifies the seasonal curve. The woolen industry has its "light weight" and "heavy weight" season in preparation for summer and winter wear, and the cotton trade suffers a regular summer depression after the stocks have been laid in, in spring. Brick and tile making is done exclusively in the warm, dry days of summer

except where kilns for artificial drying makes possible all-year production. The manufacture of confectionery and chocolates and of rubber goods is more difficult and expensive in summer on account of the effect of the warm weather on the material. More cigars are sold when the season of open cars and out-door life replaces the seclusion of winter. The summer season causes a demand for tents, sails, boats, bathing suits, tennis racquets, trunks and valises, and other vacation paraphernalia. The manufacture of carriages, wagons, and automobiles rises gradually through the spring as the roads improve and reaches its height in early summer.

Hot weather causes a marked diminution of demand in many food industries. The taste for rich and heavy food, chocolate, cocoa, confectionery, and meat is replaced by thirst and a desire for light fruit and vegetable food. The manufacture of chocolate, cocoa, confectionery, sausage making, slaughtering, and meat packing decline, while the demand for beer, liquors, and mineral and soda waters is greatly increased.

The cold weather of winter causes a rush to turn out heavy-weight clothing in the clothing trades lasting from September to December, and reaching its height in October. The fur season begins in August and increases gradually until it reaches its climax in November and after lingering into January declines suddenly in February. The hosiery and knit goods industry for similar reasons has a marked fall season from September to December, with October and November as high points. The deliveries of winter shoes for the replenishing of the stocks of the retailers are made in September and the factories run thereafter mostly on "repeat orders" until November, when they begin manufacturing for the spring and summer market, for which deliveries are usually made to the retailers about March 1. Felt-hat making, after a severe depression starting in April, revives in August with the beginning of manufacture for the winter market. The season is a short one, lasting till November, and is succeeded by a depression in November and December, with a revival in January when work on spring hats is begun to last till the end of March. Straw hats, on the other hand, have only one season of about five months, extending from the beginning of December to the end of April in preparation for the spring selling.

The "social" season is no less important than the weather in its influence upon industry. Christmas, Easter, and the summer vacation are as conspicuous milestones in industrial as in social life. They affect profoundly the buying habits of the consumer which in turn determine the current of industry and employment. The Christmas season calls out the consuming energy of the public. The general curve of employment stands highest at this point. The department stores take on thousands of hands often as long as six weeks in advance to be sure of having enough to meet the Christmas rush. The smaller shops, glove shops, piano retailers, linen shops, oriental importers, confectionery stores, bookstores, stationery stores, lay in large stocks in the autumn in anticipation of the Christmas season. Some publishers estimate that the average bookseller does 70 per cent of his year's business in the last two months of the year. In the department stores the same tendency is visible, especially in certain departments such as handkerchiefs, where the bulk

of the annual sales are made at Christmas. The manufacture of all articles in demand for presents receives an impetus. Several candy manufacturers estimate that their production for the last four months of the year is twice as great as for the preceding eight months. For watches and jewelry the Christmas demand far exceeds that of any other time of the year, the graduation period in May and June not excepted. From September to January the jewelry industry runs 10 to 15 per cent fuller than during the rest of the year.¹ The production of pianos, leather goods, fancy articles, mirrors, picture frames, men's furnishing goods, furs, and other articles suitable for presents is increased while fancy and paper boxes for packing are in demand.

Christmas, too, marks the climax of the winter social season. The college vacations give an extra impulse to the general activity. Dances, dinners, theater parties, the opera, charity fêtes, create a large demand for dressmaking, jewelry, hairdressing, florists' goods, silks, theatrical and operatic talent, restaurant and hotel service, etc., and thus the general volume of winter business is swollen.

Easter in turn marks the climax of the spring season. The season in the women's clothing trades extends from November to April and reaches its high point in March. Manufacturing for the spring boot and shoe trade is started in November and reaches its high-water mark in February. Straw-hat making works up to a climax in February and March and the same months are the high points in the felt-hat manufacture for spring. The millinery trade is very active from February to April and especially so in March.

The summer holiday period creates a considerable dislocation of industrial activity. Demand is transferred from certain branches of industry and certain places to others. The city hotels, lodging and boarding houses, restaurants, and clubs languish, while their country cousins are flourishing. Waiters, cooks, servants, and help of all kinds are turned off in the city and others taken on in the country, and the same diversion of consumption operates in many other lines. The shops become almost empty. Summer clothing and shoes have usually been bought in the late spring. The same applies to house furnishings. Few pianos are sold in the summer time. Thousands of workers in these trades are turned off temporarily; some, especially hotel and restaurant workers, to find jobs in the country, others to take vacations, often unpaid. The absence of these workers and of the middle classes on holiday creates a general depression of business which is clearly reflected in the curve for all industries shown on page —.

Business and social habits purely customary in nature are often responsible for seasoned irregularity. The publishers of schoolbooks, and with them printing and bookbinding firms, are subject to a severe summer rush in July and August in the attempt to get out their fall issues in time for the opening of the schools because of the dilatoriness of boards of education in postponing the making of "adoptions" until the end of the school year. The adoptions are made only in June, and deliveries have to be made by August 15. Sometimes only two or three weeks are given for filling orders. The competition between the different publishing companies is so keen that they do not

¹ Table not published.

dare to make a stand against this system. Where the custom prevails of making adoptions for a period of several years rather than annually, the publisher is able to forecast his business and is not forced to make such spasmodic demands upon his printer.

Similarly, in public work the period of adopting the budget is a factor of some importance, for a hiatus may occur between the expiration of the previous appropriations and the voting of the new budget, with consequent unemployment of workers during the meantime.

The habit of laying in stock at certain times of the year creates special demands in the autumn, at the opening of the year, or other definite points. September 1 and March 1 have come to be the definite dates in the shoe trade for stocking up on the part of the retailers, and production is carried on with these points in view. Rural dealers often make a practice of stocking up with certain nonperishable goods in the fall. The new year is the point at which many businesses take account of stock and send in large orders for fresh supplies. In many manufacturing establishments stock taking means an annual lay off for the help of one to three weeks. In the shoe industry a week and a half off for this purpose in January and July is a fairly general custom, and helps to bridge over the slack season. In any other industries, such as confectionery, watches, department stores, piano manufacturers, vacations for the help serve a similar purpose, although as these are usually unpaid they are equivalent in practice to lay offs.

Irregular buying habits, not only on the part of the general public but among business men themselves, are a fruitful source of irregularity. These are partly due to a natural economic demand at certain times and seasons, but often to a lack of understanding of the disorganization of production and employment caused by spasmodic orders. Too little effort is made on the part of buyers to foresee a demand and allow the producer some time in which to adapt it to the rest of his business. Few housewives think of investigating their heating apparatus, furnaces, and chimneys until the first freezing day forces them to send in hurry calls for repairs. The customer of the made-to-order shoemaker may know when his next pair of shoes will be needed, but urgent appeals fail to induce him to impart that knowledge to his shoemaker, and when the need comes he wants the shoes at once, regardless of what other business is on hand. The milliners and dressmakers suffer much from similar careless, unreasonable demands.

Among business men the indifference that is displayed is more serious, because of the greater size of the orders. One manufacturer tells of a regular and important customer whom he had been supplying for a long period with a large order weekly. The customer suddenly quadrupled his order for the following week and thereafter, with no consideration for others that might be outstanding or for the capacity of the plant, and the manufacturer was compelled to yield without protest for fear of losing his customer to a competitor. Every manufacturer can relate similar experiences. In the rare cases where foresight and consideration are exercised in giving orders the manufacturer has usually been able to exert pressure of a more than sentimental character on the buyer.

Unemployment has a very depressing effect upon men's wages. I want to call attention to the fact that in all our American industries, at the present time, industrial fluctuations mean great reduction in the workingman's wage. In the accompanying table the month of least employment in all American industries is compared with the month of greatest employment. The resultant percentages present a very conservative idea of the loss of time and, consequently, wages. From a study of such statistics I should say that the actual average loss was at least twice as great as here indicated, not 12 per cent (100 per cent minus general average percentage, 88 per cent) but 24 per cent and more. The average American workingman probably loses one-quarter of his yearly wages through unemployment.

Wage earners: Number employed in manufactures, 1909.

[Statistical Abstract of the United States, page 237, No. 159. (Source: Reports of the Bureau of the Census, Department of Commerce.)]

	Per cent.
Agricultural implements	81.0
Artificial flowers and feather plumes.....	78.9
Artificial stone	87.7
Artists' materials	81.4
Automobiles, including bodies and parts.....	69.8
Awnings, tents, and sails.....	57.8
Axle grease	88.7
Babbitt metal and solder.....	76.1
Bags, other than paper.....	85.3
Bags, paper	93.4
Baking powders and yeast.....	90.0
Baskets and rattan and willow ware.....	75.2
Beet sugar	13.1
Belting and hose, leather.....	89.2
Belting and hose, woven and rubber.....	89.8
Bicycles, motorcycles, and parts.....	79.9
Billiard tables and materials.....	90.1
Blacking and cleansing and polishing preparations.....	85.8
Bluing	87.3
Bone, carbon, and lampblack.....	88.5
Boots and shoes, including cut stock and findings.....	91.8
Boots and shoes, rubber.....	89.3
Boxes, cigar	91.4
Boxes, fancy and paper.....	87.8
Brass and bronze products.....	83.2
Bread and other bakery products.....	94.0
Brick and tile	86.5
Brooms	87.6
Brushes	88.5
Butter, cheese, and condensed milk.....	70.7
Butter, reworking.....	84.8
Buttons	87.1
Calcium lights.....	76.5
Candles	76.0
Canning and preserving.....	12.9
Card cutting and designing.....	93.2
Carpets and rugs, other than rag.....	96.0
Carpets, rag	75.3
Carriages and sleds, children's.....	76.3
Carriages and wagons, and materials.....	90.9
Cars and general shop construction and repairs by steam-railroad companies.....	89.1
Cars and general shop construction and repairs by street-railroad companies.....	95.7
Cars, steam-railroad, not including operations of railroad companies.....	59.2
Cars, street-railroad, not including operations of railroad companies.....	77.1

	Per cent.
Cash registers and calculating machines.....	82.4
Cement.....	70.6
Charcoal.....	65.6
Chemicals.....	90.2
China decorating.....	86.4
Chocolate and cocoa products.....	72.4
Clocks and watches, including cases and materials.....	71.6
Cloth, sponging and refinishing.....	91.3
Clothing, horse.....	84.6
Clothing, men's buttonholes.....	91.5
Clothing, men's, including shirts.....	91.8
Clothing, women's.....	80.6
Coffee and spice, roasting and grinding.....	93.7
Coffins, burial cases, and undertakers' goods.....	93.1
Coke.....	80.0
Confectionery.....	74.2
Cooperage and wooden goods not elsewhere specified.....	90.3
Copper, tin, and sheet-iron products.....	81.0
Cordage and twine and jute and linen goods.....	91.1
Cordials and sirups.....	55.4
Cork, cutting.....	81.3
Corsets.....	92.3
Cotton goods, including cotton small wares.....	97.6
Crucibles.....	86.1
Cutlery and tools, not elsewhere specified.....	89.0
Dairymen's, poulterers', and apiarists' supplies.....	72.8
Dentists' materials.....	93.8
Drug grinding.....	81.4
Dyeing and finishing textiles.....	96.3
Dyestuffs and extracts.....	92.5
Electrical machinery, apparatus, and supplies.....	78.0
Electroplating.....	89.1
Emery and other abrasive wheels.....	76.1
Enameling and japanning.....	77.5
Engravers' materials.....	78.3
Engraving and diesinking.....	89.4
Engraving, wood.....	93.6
Explosives.....	77.5
Fancy articles, not elsewhere specified.....	79.7
Fertilizers.....	48.7
Files.....	94.0
Firearms and ammunition.....	96.3
Fire extinguishers, chemical.....	85.5
Fireworks.....	54.0
Flags, banners, regalia, society badges, and emblems.....	86.3
Flavoring extracts.....	87.0
Flax and hemp, dressed.....	33.6
Flour mill and gristmill products.....	88.1
Food preparations.....	78.5
Foundry and machine-shop products.....	80.7
Foundry supplies.....	74.0
Fuel, manufactured.....	44.7
Fur goods.....	62.2
Furnishing goods, men's.....	85.9
Furniture and refrigerators.....	88.2
Furs, dressed.....	74.8
Galvanizing.....	73.7
Gas and electric fixtures and lamps and reflectors.....	83.3
Gas, illuminating and heating.....	80.6
Glass.....	49.3
Glass, cutting, staining, and ornamenting.....	86.1
Gloves and mittens, leather.....	88.8
Glucose and starch.....	75.4
Glue.....	77.6
Gold and silver, leaf and foil.....	91.9
Gold and silver, reducing and refining, not from the ore.....	94.5
Graphite and graphite refining.....	73.1

	Per cent.
Grease and tallow	89.0
Grindstones	47.7
Haircloth	91.3
Hair work	84.5
Hammocks	58.1
Hand stamps and stencils and brands	90.0
Hat and cap materials	87.4
Hats and caps, other than felt and wool	90.8
Hats, fur-felt	68.7
Hats, straw	40.9
Hones and whetstones	56.2
Horseshoes, not made in steel works or rolling mills	71.2
Hosiery and knit goods	91.7
House-furnishing goods not elsewhere specified	84.8
Ice, manufactured	43.1
Ink, printing	96.0
Ink, writing	66.0
Instruments, professional and scientific	87.1
Iron and steel, blast furnaces	71.6
Iron and steel, steel works and rolling mills	75.8
Iron and steel, bolts, nuts, washers, and rivets, not made in steel works or rolling mills	82.0
Iron and steel, doors and shutters	70.7
Iron and steel forgings	73.0
Iron and steel, nails and spikes, cut and wrought, including wire nails, not made in steel works or rolling mills	96.0
Iron and steel pipe, wrought	71.1
Jewelry	83.2
Jewelry and instrument cases	82.4
Kaolin and ground earths	86.7
Labels and tags	92.2
Lapidary work	87.6
Lard, refined, not made in slaughtering and meat-packing establishments	85.2
Lasts	90.8
Lead, bar, pipe, and sheet	88.7
Leather goods	91.0
Leather, tanned, curried, and finished	90.1
Lime	68.6
Liquors, distilled	69.3
Liquors, malt	87.9
Liquors, vinous	36.6
Locomotives, not made by railroad companies	71.6
Looking-glass and picture frames	83.7
Lumber and timber products	87.8
Malt	60.7
Marble and stone work	74.4
Matches	54.7
Mats and matting	85.4
Mattresses and spring beds	82.6
Millinery and lace goods	71.8
Mineral and soda waters	64.4
Mirrors	87.6
Models and patterns, not including paper patterns	85.6
Moving pictures	75.2
Mucilage and paste	91.4
Musical instruments and materials, not elsewhere specified	98.4
Musical instruments, pianos and organs and materials	90.6
Needles, pins, and hooks and eyes	88.8
Oakum	75.4
Oil, castor	79.7
Oil, cottonseed, and cake	17.6
Oil, essential	52.2
Oil, linseed	54.4
Oil not elsewhere specified	93.3
Oilcloth and linoleum	93.0
Oleomargarine	77.7

	Per cent.
Optical goods.....	92.4
Paint and varnish.....	90.0
Paper and wood pulp.....	96.2
Paper goods not elsewhere specified.....	91.4
Paper patterns.....	81.8
Patent medicines and compounds and druggists' preparations.....	87.9
Paving materials.....	50.6
Peanuts, grading, roasting, cleaning, and shelling.....	60.9
Pencils, lead.....	85.8
Pens, fountain, stylographic and gold.....	90.5
Pens, steel.....	93.7
Petroleum, refining.....	84.9
Phonographs and graphophones.....	67.6
Photographic apparatus and materials.....	86.2
Photo-engraving.....	90.3
Pipes, tobacco.....	89.4
Pottery, terra-cotta, and fire-clay products.....	84.9
Printing and publishing.....	93.3
Pulp goods.....	83.6
Pumps, not including steam pumps.....	86.7
Rice, cleaning and polishing.....	21.6
Roofing materials.....	79.1
Rubber goods not elsewhere specified.....	82.6
Rules, ivory and wood.....	87.0
Safes and vaults.....	90.7
Salt.....	83.0
Sand and emery paper and cloth.....	71.2
Saws.....	91.9
Scales and balances.....	87.8
Screws, machine.....	71.9
Screws, wood.....	82.9
Sewing machines, cases and attachments.....	86.4
Shipbuilding, including boat building.....	88.9
Shoddy.....	91.9
Show cases.....	89.9
Signs and advertising novelties.....	83.1
Silk and silk goods, including throwsters.....	95.8
Silverware and plated ware.....	48.5
Slaughtering and meat packing.....	87.9
Smelting and refining, copper.....	92.9
Smelting and refining, lead.....	89.2
Smelting and refining, zinc.....	86.8
Smelting and refining, not from the ore.....	78.0
Soap.....	90.4
Soda-water apparatus.....	72.4
Sporting and athletic goods.....	83.8
Springs, steel, car and carriage.....	79.9
Stationery goods not elsewhere specified.....	87.4
Statuary and art goods.....	83.9
Steam packing.....	77.3
Stereotyping and electrotyping.....	95.4
Stoves and furnaces, including gas and oil stoves.....	72.6
Sugar and molasses.....	3.5
Sugar refining, not including beet sugar.....	79.7
Sulphuric, nitric, and mixed acids.....	91.5
Surgical appliances and artificial limbs.....	90.2
Tinplate and terneplate.....	86.6
Tinfoil.....	91.1
Tobacco manufacturers.....	91.6
Toys and games.....	57.1
Turpentine and rosin.....	91.3
Type-founding and printing materials.....	84.2
Typewriters and supplies.....	74.8
Umbrellas and canes.....	84.4
Upholstering materials.....	90.1
Vault lights and ventilators.....	67.0

	Per cent.
Vinegar and cider.....	25.6
Wall paper.....	60.7
Wall plaster.....	84.3
Washing machines and clothes wringers.....	87.4
Waste.....	94.1
Wheelbarrows.....	75.1
Whips.....	93.4
Windmills.....	79.2
Window shades and fixtures.....	89.0
Wire.....	87.2
Wirework, including wire rope and cable.....	87.5
Wood carpet.....	79.8
Wood distillation, not including turpentine and rosin.....	81.2
Wood preserving.....	77.0
Wood, turned and carved.....	89.4
Wool pulling.....	71.8
Wool scouring.....	64.3
Woolen, worsted, and felt goods, and wool hats.....	91.0
All other industries.....	58.6
Total.....	88.6

Average number employed during year, 6,615,046.

MISS POYNTZ. I would like to remind you, too, that probably a great deal of our industrial unrest is due to this irregular employment as much, certainly, as it is to low wages.

If we look into the history of working-class revolutions within the last century, we find these have coincided with periods or crises of insufficient employment, which have very seriously affected the welfare of the country. The revolution of 1848 followed a period of great depression and extreme unemployment, and the problem at that time was to provide work for the workless. Unemployment is a very serious danger to the social structure. It is a matter of vital importance for the social system to provide some method of mitigating the intensity of the misery that is due to unemployment.

An investigation was made recently under my directions into the dress and waist industry in New York City, in which 50,000 girls are employed, and it was shown that the percentage of actual employment throughout the year, as compared with full employment, was only 55 per cent. Therefore, if the wage was \$10 a week, it was really only \$5.50. When labor has no work, labor has no wages, and therefore no means of living whatsoever. This works a great hardship, particularly in view of the fact that in some cases the same families are engaged in the same industries.

Now, in addition to these seasonal fluctuations which have such an important bearing upon the standard of living, because we discover that the great turnover of labor in our factories at the present time is merely due to the fact that workingmen have been used as irregular labor in seasonal industries—I say, in addition to these seasonal fluctuations, there is a long fluctuation in industrial activity over a period of seven or eight years. During these periodic depressions, the factories are standing idle, the people want to work but can not; other people need things which are not being manufactured, and we are faced with the absurdity that the factories must suspend work while there are, on the one hand, people who want to work to produce articles of commerce, and on the other hand, people who need these

articles, but the former can not work and the latter can not buy. The people need more clothes, and the garment workers want to make them; the farmers want to sell their produce, and yet people in the large cities are starving for the want of food. The shoe factories are standing idle while shoe workers are unemployed and children are going barefoot.

I would like to illustrate the problem of unemployment with a few charts which I have prepared. I have endeavored to show you the fluctuations in the labor market, how truly the problem of unemployment is a problem of fluctuation.

From official figures provided by the Massachusetts Bureau of Labor Statistics, I have prepared these charts, which show the variations in the numbers employed in Massachusetts industries from 1908 to 1913. In every industry, cotton, boots and shoes, woolen goods, foundry and machine-shop products, electrical machinery, paper, leather, etc., very irregular fluctuations are seen in the number of workers employed, not only over the whole period but within each year from one month to another.

The following table of percentages is computed from the official figures of the Massachusetts Bureau of Statistics of numbers employed in certain industries month by month from 1908 to 1913 in Massachusetts for the principal industries of that State.¹ Both seasonal and cyclical fluctuations in numbers employed are visible as variations about the monthly average of the whole period, which is considered 100 per cent:

TABLE IV.—Numbers employed in principal industries, month by month, 1908–1913, for Massachusetts; as percentages of monthly average for whole period, by industries.

ALL INDUSTRIES.

[Average number employed, 575,103 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	83.6	82.7	81.9	80.5	80.0	80.5	80.0	81.3	85.4	88.1	88.4	87.9	83.5
1909.....	98.4	99.5	103.3	100.0	100.0	100.0	99.5	101.0	103.2	104.6	105.0	106.3	101.4
1910.....	101.5	102.6	102.6	101.8	100.9	98.6	96.6	97.8	98.5	100.0	101.4	101.6	100.2
1911.....	101.4	104.0	102.9	102.0	100.2	98.8	98.0	99.3	101.3	103.0	104.0	104.1	101.3
1912.....	103.0	102.6	104.7	104.1	104.9	105.2	103.9	104.1	106.5	108.3	109.8	110.0	105.6
1913.....	109.1	109.5	109.7	108.0	106.6	105.0	102.8	104.6	106.5	107.5	108.1	108.0	107.1
Average.....	99.5	99.6	100.8	99.4	98.6	97.9	96.9	98.0	100.3	102.0	102.8	103.0	100.0

¹ It is from this table for the most part that the charts presented were prepared.

BOOTS AND SHOES.

[Average number employed, 77,126 (100 per cent).]

	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	92.3	92.3	92.0	90.3	86.7	80.5	86.4	91.8	93.0	91.8	89.8	90.3	89.8
1909.....	97.9	98.9	98.1	94.9	91.2	91.3	95.1	98.0	98.3	98.3	98.6	102.5	96.9
1910.....	104.9	107.3	105.8	100.2	97.9	92.0	97.6	99.9	93.5	87.4	97.4	101.2	98.9
1911.....	104.2	105.2	104.3	100.3	96.9	98.2	100.7	104.8	105.3	103.9	105.8	108.0	103.0
1912.....	110.0	111.0	109.0	104.1	102.9	102.7	102.2	105.9	103.4	104.0	106.8	110.0	108.9
1913.....	109.5	110.5	109.2	108.8	100.0	101.0	102.2	105.3	108.6	108.6	106.5	108.3	105.2
Average.....	103.9	104.0	100.8	98.7	95.5	94.9	97.3	100.5	99.5	98.1	100.7	103.2	100.0

TABLE IV.—Numbers employed in principal industries, month by month, 1908–1913, for Massachusetts: as percentages of monthly average for whole period, by industries—(Continued).

BOOTS AND SHOES, RUBBER.

[Average number employed, 7,753 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Average.
1908.....	68.6	70.1	81.0	88.1	92.2	94.5	94.3	95.0	95.8	97.8	99.4	79.0	82.1
1909.....	80.3	88.0	82.8	88.3	88.8	90.3	91.3	87.0	91.9	94.3	96.3	92.8	89.3
1910.....	106.8	108.0	111.1	108.8	105.8	105.0	108.8	101.8	101.1	103.0	105.1	104.0	106.1
1911.....	102.3	102.1	104.0	107.5	107.3	105.8	108.2	102.0	102.0	102.8	104.0	101.3	103.8
1912.....	106.0	108.0	110.9	108.8	110.3	116.5	114.0	95.1	117.8	118.8	111.0	115.0	111.9
1913.....	106.9	107.3	110.0	108.9	106.8	105.1	96.3	91.7	96.9	97.0	101.7	108.5	102.7
Average.....	95.3	97.5	100.0	101.1	102.0	104.0	101.9	96.3	101.2	102.4	103.0	99.0	100.0

CARPETS AND RUGS.

[Average number employed, 5,656 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Average.
1908.....	73.6	66.6	65.2	62.8	72.0	77.3	77.3	89.5	90.4	98.9	99.4	98.9	78.0
1909.....	106.6	107.8	105.3	103.5	104.8	103.9	106.8	104.0	104.8	104.3	104.3	107.6	105.2
1910.....	108.0	108.8	96.9	95.6	104.8	105.0	105.1	104.0	104.9	106.0	108.1	108.2	104.8
1911.....	109.2	110.1	111.0	106.9	103.9	104.9	101.8	103.8	97.0	100.8	101.6	103.0	103.1
1912.....	103.0	103.0	104.5	105.7	100.9	102.0	102.0	101.0	101.9	100.6	103.1	106.0	103.0
1913.....	109.0	110.2	108.3	104.9	101.2	99.5	99.5	97.5	95.8	95.0	94.9	99.0	101.1
Average.....	101.3	101.2	98.5	95.7	97.9	98.7	98.3	100.1	98.9	101.2	102.1	104.0	100.0

COTTON.

[Average number employed, 107,032 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Average.
1908.....	86.2	84.3	82.6	76.5	76.3	84.3	81.0	81.5	86.0	91.7	93.5	93.9	84.8
1909.....	98.6	99.4	100.5	100.5	100.9	100.4	101.2	101.0	102.1	101.5	101.5	102.5	101.0
1910.....	107.4	107.4	101.7	101.3	101.6	99.1	96.4	97.1	98.3	102.2	103.0	103.4	100.9
1911.....	104.1	103.3	104.3	104.2	102.3	99.3	98.7	95.9	96.8	103.0	104.2	105.0	101.6
1912.....	103.4	107.9	104.4	100.0	105.4	105.8	102.5	98.3	104.1	106.9	108.0	108.3	104.3
1913.....	109.3	109.2	109.9	109.0	106.3	104.2	103.8	101.9	107.0	108.5	109.4	109.4	108.2
Average.....	100.7	100.3	100.4	98.0	98.9	98.7	97.1	95.5	98.9	102.0	103.0	103.5	100.0

DYEING AND FINISHING TEXTILES.

[Average number employed, 19,562 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Average.
1908.....	70.9	68.5	65.0	63.0	67.7	75.2	73.8	73.6	80.3	80.0	80.3	75.6	73.9
1909.....	93.3	93.8	96.3	94.5	94.3	95.3	95.7	95.3	97.0	91.8	96.5	95.5	94.9
1910.....	97.5	95.8	96.7	94.7	91.7	85.0	78.8	80.8	84.6	96.7	100.8	103.0	92.3
1911.....	103.2	103.0	110.9	104.3	103.0	102.0	102.7	102.4	104.6	108.2	111.4	108.2	104.9
1912.....	106.0	105.8	112.7	112.7	113.7	114.4	113.3	113.5	110.8	112.1	114.0	114.8	112.1
1913.....	117.1	117.6	119.7	124.7	123.0	123.0	118.5	111.9	121.0	125.9	128.3	128.3	122.0
Average.....	98.0	97.4	99.2	99.0	99.0	99.0	97.0	97.5	99.6	102.3	105.5	106.7	100.0

ELECTRICAL MACHINERY.

[Average number employed, 17,170 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Average.
1908.....	65.0	59.8	59.0	58.8	58.8	58.8	59.7	60.5	61.5	62.7	64.3	67.1	61.3
1909.....	71.2	73.5	75.7	78.3	80.7	83.7	86.8	88.7	89.5	91.8	95.1	98.6	84.5
1910.....	97.0	99.1	101.4	101.4	102.2	101.4	101.4	102.2	101.2	101.6	103.3	101.8	101.1
1911.....	102.1	101.8	101.8	100.8	101.8	103.8	106.1	106.0	105.8	106.2	106.1	107.8	104.0
1912.....	111.0	111.5	112.7	114.1	116.0	118.0	117.0	120.0	121.6	123.4	126.1	127.0	118.1
1913.....	129.3	131.0	132.5	135.1	136.8	136.0	134.9	132.4	131.0	127.5	124.0	118.2	131.0
Average.....	96.5	96.3	97.0	98.0	99.3	100.1	101.0	101.5	101.6	102.2	103.2	103.5	100.0

TABLE IV.—Numbers employed in principal industries, month by month, 1908–1913, for Massachusetts; as percentages of monthly average for whole period, by industries—Continued.

FOUNDRY AND MACHINE SHOP PRODUCTS.

[Average number employed, 37,170 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	89.2	85.3	83.9	81.2	79.4	79.0	80.6	81.3	83.2	87.0	87.7	87.2	83.9
1909.....	90.5	92.8	94.5	95.1	96.8	99.8	101.8	104.2	106.5	106.0	108.6	111.0	100.5
1910.....	113.6	118.6	113.5	113.6	114.9	114.0	113.7	112.0	111.0	111.5	111.0	109.1	112.4
1911.....	102.7	103.2	103.5	103.4	101.8	100.3	98.4	98.9	98.9	101.6	101.6	100.1	102.4
1912.....	97.3	97.0	97.8	97.8	98.4	99.4	99.9	101.1	101.8	104.9	107.9	108.4	102.1
1913.....	107.2	107.0	107.0	105.0	101.6	97.8	97.0	98.4	98.9	99.9	99.4	98.6	102.8
Average.....	100.5	99.8	99.9	99.3	98.8	98.3	98.4	99.3	99.9	101.9	102.3	102.3	100.0

HOSIERY AND KNIT GOODS.

[Average number employed, 9,864 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	96.0	95.1	95.1	93.9	92.7	91.3	88.0	83.4	80.7	95.0	95.6	95.5	92.5
1909.....	97.6	98.1	99.5	100.1	101.8	100.6	99.0	99.0	100.8	104.0	105.3	103.8	100.8
1910.....	96.3	98.5	100.0	99.5	99.3	98.0	95.5	90.3	95.6	99.0	99.0	98.1	97.4
1911.....	95.4	95.9	96.0	95.8	100.1	98.9	97.0	84.4	101.0	100.3	98.8	97.6	97.6
1912.....	100.9	101.8	103.9	104.8	103.0	102.0	100.0	96.4	101.1	105.9	105.8	104.9	102.8
1913.....	108.7	109.1	110.2	109.9	101.0	105.2	103.0	109.6	110.4	113.3	113.2	110.2	109.0
Average.....	99.0	100.0	101.0	100.8	99.4	99.4	97.1	95.4	100.5	103.0	103.0	102.0	100.0

LEATHER, TANNED, CURRIED, AND FINISHED.

[Average number employed, 10,290 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	87.3	88.6	87.4	84.9	84.0	84.9	85.9	91.1	93.3	95.2	96.5	97.5	89.8
1909.....	101.2	100.7	99.7	94.5	95.5	95.6	95.6	95.1	97.0	101.8	106.8	112.3	99.7
1910.....	110.0	111.2	110.6	108.6	108.8	101.7	100.7	97.9	98.8	97.5	100.7	105.2	103.8
1911.....	99.3	98.8	96.0	92.2	90.4	92.0	92.6	93.5	95.3	96.1	101.4	106.3	97.3
1912.....	109.0	107.7	109.7	107.7	107.2	108.4	109.7	110.3	110.1	112.5	115.5	116.2	110.4
1913.....	109.6	107.8	105.2	98.8	94.7	93.1	92.2	94.7	96.6	100.7	103.8	106.3	100.3
Average.....	102.8	102.6	101.5	97.9	96.5	96.0	96.2	97.1	98.0	100.7	104.2	107.3	100.0

PAPER AND WOOD PULP.

[Average number employed, 13,310 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	86.8	87.6	86.9	85.3	85.2	83.8	80.0	82.3	81.5	87.3	88.3	90.8	85.4
1909.....	94.8	95.6	95.8	95.1	96.3	97.5	91.8	96.0	96.9	99.2	99.3	99.4	96.5
1910.....	99.6	100.2	100.3	101.0	101.2	101.2	99.9	93.8	100.0	100.7	102.2	102.8	100.2
1911.....	102.5	104.0	104.7	104.4	104.8	103.9	102.5	102.1	103.1	104.0	104.9	104.1	103.9
1912.....	102.5	103.8	105.0	104.7	104.9	107.7	107.1	105.0	106.2	107.7	107.1	107.8	105.8
1913.....	107.5	107.4	108.2	109.5	109.2	109.1	104.9	106.2	106.3	107.2	108.5	108.4	107.8
Average.....	98.9	99.8	100.2	100.0	100.1	100.2	98.0	98.1	99.0	101.0	101.8	102.2	100.0

WOOLEN GOODS.

[Average number employed, 46,169 (100 per cent).]

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Averages.
1908.....	82.0	81.8	82.5	82.4	81.8	83.3	82.4	83.5	87.3	90.7	92.9	93.0	85.3
1909.....	98.9	101.2	104.9	105.5	106.2	108.5	109.0	108.5	109.5	110.5	111.0	109.3	107.0
1910.....	106.3	106.0	104.2	104.1	101.8	95.3	84.1	95.5	96.3	99.4	98.0	99.3	98.8
1911.....	98.3	99.0	102.0	101.2	96.7	93.2	91.8	94.9	99.6	101.9	102.5	104.4	98.8
1912.....	97.3	85.0	99.0	113.0	113.8	113.9	113.0	113.5	115.2	116.0	117.6	113.1	109.1
1913.....	111.6	111.0	107.0	102.4	96.8	92.9	82.1	97.4	103.1	102.5	102.5	104.0	101.2
Average.....	99.1	97.2	99.9	101.2	99.2	97.9	93.5	98.2	101.7	103.8	104.0	103.7	100.0

This black line [indicating on chart] represents the average, showing how greatly the employment fluctuates above the line and below the line.

Mr. LONDON. What is the average?

Miss POYNTZ. 100 per cent.

Mr. LONDON. That is for 52 weeks in the year?

Miss POYNTZ. That is the average employment for the whole period. I just want to emphasize to you the ups and downs there. The labor market is just as fluctuating as the other markets. But when labor is not sold labor has nothing to live on. The periods when the demand for labor is low are represented here [indicating on chart]. Notice how deep the depression falls in 1908, the period of great misery and great crisis. It often falls again, as we see here [indicating on chart]. In every industry employment is extremely fluctuating.

In the next column I show the seasonal fluctuations in the chief industries. None is regular from one end of the year to the other. They are all fluctuating. Some are more fluctuating than others. The risk of unemployment is greater in some industries than in others.

There is another variation over a number of years. From 1908 to 1913—the beginning of 1908 to the end of 1913—you will notice how greatly these industries fluctuate. They are up grade here [indicating on chart], because they happen to be on the up-grade side of the period of fluctuation. There was another distinct down grade in 1914–15. This uncertainty and variation is typical of the whole industrial situation of this country and of other countries. It is the phenomenon that is world wide, and certainly it is as wide as our American country.

I would like also to say that the problem in America is more serious than in Europe. Not more than 10 or 15 years ago it was the general belief that there was no problem of unemployment in America such as there was in Europe. As a matter of fact, it is a much greater problem here than in Europe. The percentages of trade-union unemployment in New York and Massachusetts indicate that American unemployment rises to heights that are unknown in Europe; that if unemployment is an evil in Europe it is a much vaster and more serious evil in America. It might be pointed out that speculation makes industrial changes much more rapid in this country, and that transitions in our industries result in greater fluctuations. There are great fluctuations in all the industries affected by style, as, for instance, in the garment and boot and shoe industries, which are developed in this country to a much greater extent than in Europe. Unemployment is peculiarly our problem. If all the countries of Europe have been interested in this problem, America should be, certainly. During the great crises which have swept over the countries of Europe within the last two decades the trade-union unemployment percentages have rarely risen above 10 per cent, whereas in the United States the general percentage of unemployment has risen above 20 and even 30 per cent.

It is being generally suggested that the remedy might be the dovetailing of one industry with another—that is, the transference of labor from one industry to another. When labor is not required during the slack season in one industry, it could be transferred to another. That is the suggestion advanced by some. The feasibility of such a project has probably been much exaggerated. The highly specialized

workers of to-day can not easily be transferred from one industry to another. I think Mr. Gompers will corroborate me when I say that the trade-unions do not approve generally of this sort of transference, and favor a definite demarcation of the trades mainly because they feel that any wholesale transference of this kind would be very dangerous to trade-union organization. So that any dovetailing of occupations is difficult, although in many cases its practice could be extended with benefit, especially between different departments of the same factory.

Various families of industries fluctuate together. For instance, fluctuations in the textile industry are apt to cause variations in allied industries. If there is an irregular demand for cotton cloth, all the allied industries fluctuate in the same way. Again, in the boot industry we find a fluctuation which extends to leather tanning, to the manufacture of wooden lasts, to the patterns from which the leather is cut, etc. In each group of industries the impulse to irregularity is carried from one group to another. I have other charts here which I will show you now, to illustrate the fluctuation in the boot and shoe industry. This chart [indicating] illustrates various kinds of industries—the boot and shoe industry, the rubber boot and shoe industry, the tanning of leather, rubber goods, and the manufacture of laces. Those are related or allied industries. The general tendency to fluctuation is the same in all of them. The same tendency is illustrated also in the textile industries. The fluctuation runs all through these, for instance, silk hosiery, carpets and rugs, dyeing and finishing, and so on.

There is, in addition to that, the very serious problem of casual labor. In the case of building labor, for instance, the hungry line of workmen waiting opposite some piece of construction work is a familiar sight, waiting to get a job which may last a week, a few days, or only a few hours.

Then there are the great armies of casual workers that travel from one part of the country to another, without homes, without family ties, or anything that would be, in the estimation of most people, worthy of living for. They work in lumber camps, in the fields, and travel about, picking up a job here and there, and drifting back to the cities in the winter unemployed. Casual labor of men, with its accompanying phenomena, underpayment, pauperism, woman labor, child labor, is the result of a completely disorganized and medieval system of marketing labor. While labor is peddled about in a haphazard way, without systematic information as to the demand or supply of labor, without any centralized organization for bringing these two factors into contact, the elimination of casual labor and the economic distribution of labor will be impossible.

The public organization of the labor market, through a clearing house of labor and a system of labor exchanges, and information on the labor market covering the whole field of industry, is a necessary preliminary to any other attempts to attack the problem of unemployment.

I have some information on this point that I would like permission to submit to you later.

Mr. KEATING. Without objection, the tables will be inserted in the record at the point where you may see fit. The Chair might suggest, I think, that it would be well for the committee to consider the ad-

visability of submitting some of the charts for reproduction. It seems to me the witness's testimony will not be very clear unless the charts are in the hearings to illustrate the point which she has made.

Miss POYNTZ. Yes.

Mr. GOMPERS. Might I suggest that Miss Poyntz give to the committee, for the benefit of the committee, the sources of and the bases upon which these charts have been prepared.

Mr. KEATING. The Chair was about to make that suggestion.

Mr. GOMPERS. May I say, then——

Mr. KEATING. Go ahead.

Mr. GOMPERS. If it is not interfering with the course the committee and Mr. London care to pursue, I would like to say that for many years, as president of the American Federation of Labor and editor of the official magazine of that organization, I have endeavored to secure data of fairly reliable character in order to print a monthly chart in the American Federationist, giving the state of unemployment, and, because of the fact of the difficulty in securing accurate data of the state of unemployment I felt bound to discontinue the publication of the charts. Further, I would like to say that with Mr. Royal Meeker, Commissioner of the Bureau of Labor Statistics, I have endeavored to cooperate with his bureau and have had many conferences upon the subject of trying to ascertain something near the actual state of unemployment. I think it was the commissioner who was finally compelled to resort to effort to concentrate attention to a survey of unemployment in one State of the Union. Because of my own experience with the data, so far as trade-unions were concerned, and with my observation elsewhere from other sources, I should be glad if the committee, and incidentally those who are interested in this discussion, could have the sources of information upon which those charts have been prepared.

Mr. KEATING. I presume the witness will be very glad to furnish such information as she has upon that.

Miss POYNTZ. I will, sir.

Mr. LONDON. I understand you have made a personal study of the subject.

Miss POYNTZ. Yes, sir. These are based upon figures from the State of Massachusetts.

Mr. LONDON. Obtained by whom?

Miss POYNTZ. They are the official figures of the Bureau of Statistics, and also some obtained privately from various factories and manufacturers' associations.

Mr. LONDON. Of Massachusetts?

Miss POYNTZ. Yes. There are no national figures available. I should like to make this remark in connection with the census figures, that the figures showing the variation in employment do not show the actual degree of unemployment. The actual degree of unemployment is probably much greater. This is due to the method of averaging the figures.

Mr. KEATING. Your figures do not extend beyond the State of Massachusetts?

Miss POYNTZ. Not these figures.

Mr. LONDON. The State Industrial Commission of New York has issued several bulletins dealing with the problem of unemployment

and giving exact data as to idleness of organized labor. Do you know of these bulletins?

Miss POYNTZ. Yes.

Mr. LONDON. The most recent bulletin with reference to the condition of idleness during the first six months of the year 1915 contains a table of the percentage of members of unions unemployed at the end of the months of January and June, between 1904 and 1915.

Miss POYNTZ. These figures are simply typical. In the study I made in England I found similar figures. I simply brought them forward to illustrate the fluctuating character of employment, which is a universal phenomenon. We know, of course, that there is in every country a body of workers who are unemployed—those who won't work—the "won't works," as we might term them. That body, however, is comparatively small. When we include them in the general problem of unemployment, we confuse the unemployable with the unemployed. It is this confusion that has produced our inactivity with regard to a constructive program dealing with unemployment, and I think one of the first duties of the commission would be to study these problems separately—to devise distinct means of dealing with the "won't works" and with the great body of men who want to work but can not find the work to do, those whom we might call the "can't find works," if I may so express myself. The people who will not work are often the product of a condition of being unable to find work in the first place. That is the testimony of everyone who has any real knowledge of this problem.

There are no adequate national figures in regard to unemployment. What I regard as even more important than figures is an accurate analysis of the problem, a qualitative analysis as well as a quantitative analysis. We want to find out the nature of the problem as well as its extent. That kind of an analysis has been made in a masterful way by the poor law commission appointed a few years ago in England which brought forth a really constructive program based on the causes of poverty. That program in its most progressive form is set forth very well in a book entitled "The Prevention of Destitution," by Beatrice and Sidney Webb, which is the inspiration of all those who are working at this problem in any effective way.

If I may, I should like to suggest to the committee the results of deterioration, mental and moral and physical, which come from neglect of this problem of unemployment. In traveling in England I saw the results of neglect and the vast indifference of legislators of the nineteenth century. I urge upon the committee that they take action without waiting until 10 or 15 years have passed and the same situation confronts this country. These older countries have seen the evil effects of their neglect of social needs and are now exerting their energies to counteract these results.

I do not advocate here any special policy, but I do think that a commission ought to be appointed with power to make a thorough investigation of the matter. We merely want to show you the magnitude of the problem and the necessity for having some sort of a policy of dealing with it. What the general character of such a policy might be I will indicate very roughly and briefly.

There has been a great deal of talk in recent years of the possibility of regularizing labor inside the factories. I think these possibilities are being exaggerated. The people who are interested in efficient organization are much interested in this problem, and I think the business men are ready to cooperate in it.

In so far as the establishment of employment departments can produce results, I think we ought to support them. We must realize that unemployment is a problem of the labor market as a whole, and not of any individual establishment. We must realize that production is irregular, and, that being the case, employment must be irregular. We must realize that the very best efforts of business men, driven by every motive of profit to regularize their business, has proven unavailing, and that the efforts to regularize the employment of men will probably prove equally unavailing.

LABOR EXCHANGES.

Just as we have regularization in other markets we need organization and public control of the labor market. We want a central clearing house where every opportunity may be rapidly brought to men who want employment. That should be developed democratically. The experience in Europe has shown that it is only through cooperation with the trade-unions that a really adequate system of labor exchanges can be developed. Without labor exchanges we can never have any remedies that will cure the problem of unemployment.

Until we have some actual information as to the demand for labor and the supply, we can not take any constructive action. The Department of Labor and other agencies are moving very actively along these lines. But a national system of labor exchanges must be organized upon a much larger scale than at the present time. It should be understood that isolated employment bureaus are very different from a centralized system of labor exchanges; and that without such system the whole labor market can not be organized and regulated.

LABOR EXCHANGES IN ENGLAND.

The royal commission on the poor laws and relief of distress, 1905-1909, unanimously recommended as an essential part of any scheme for dealing with the problem of unemployment the establishment of a national system of labor exchanges, and in September, 1909, power was conferred on the board of trade by the labor-exchanges act, 1909, to set up such a system.

Certain labor exchanges or bureaus were already in existence, established, as a general rule, under the unemployed-workmen act, 1905, but these exchanges were few in number and were almost entirely local in character, the most important being the system of exchanges maintained in the metropolis by the central (unemployed) body for London. The labor-exchanges act gave the board of trade power to take over such exchanges, while it was further provided that the exercise of the authority to establish or maintain labor exchanges given by the unemployed-workmen act, 1905, should, after the lapse of one year, be subject to the sanction of the local government board for England, Scotland, or Ireland, as the case might be, in consultation with the board of trade. These provisions were intended to secure the absorption into the board-of-trade system of all the exchanges established under the unemployed-workmen act, 1905.

The first labor exchanges under the control of the board of trade were opened on the 1st of February, 1910, on which date some 60 exchanges commenced

operations. By the 1st of May, 1911, the number working had risen to about 200, and after the passing of the national insurance act, 1911, the number rose, mainly in consequence of unemployment insurance, to over 400. There is, in addition, a large number of local agencies for labor exchanges and unemployment insurance which have been established in districts where the opening of a labor exchange would not be justified, and which are concerned with labor-exchange business mainly only in so far as it is affected by unemployment insurance. The cost of administration of the labor exchanges is borne by the national exchequer.

For purposes of administration and control, the United Kingdom is divided into eight divisions, viz. London and southeastern, southwestern, Yorkshire and East Midlands, West Midlands, Wales, northwestern, Scotland and northern, and Ireland. Each of these divisions has a divisional office, which forms the controlling center for the exchanges within its area, and as a coordinating administrative authority over the whole there is a central office in London. The exchanges are linked up with one another, both divisionally and inter-divisionally, by means of the telephone service, and are thus enabled to keep in constant touch with each other, both directly and through the divisional offices.

A "labor exchange" is defined by the act as "any office or place used for the purpose of collecting and furnishing information, either by the keeping of registers or otherwise, respecting employers who desire to engage workpeople and workpeople who seek engagements of employment."

The exchanges deal with both male and female applicants, and their work is conducted under general regulations made by the board of trade under the authority of section 2 of the labor-exchanges act. The work of the exchanges is also affected by the national insurance act, 1911, and the regulations made thereunder.

Under regulation 3 a statement as to the existence of a strike or lockout affecting their trade may be filed at a labor exchange by any association of employers or workmen, and in notifying vacancies the exchange is required to call attention to the statements that have been received.

Advisory trade committees.—The board of trade are required in such areas of the United Kingdom as they think fit, to set up advisory trade committees consisting of equal numbers of representatives of employers and workmen, with a chairman agreed upon by a majority both of the employers' and the workmen's representatives, or, in default of such agreement, appointed by the board of trade. The tenure of office is in all cases three years.

The duty of the advisory trade committees is to advise and assist the board of trade in regard to any matters referred to them in connection with the management of labor exchanges.

I. Summary of work done by labor exchanges in 1911, 1912, 1913, and 1914.

	1911	1912	1913	1914
Exchanges open at end of year.....	261	413	422	400
Registrations.....	2,040,447	2,465,304	2,945,893	3,442,452
Individuals registered.....	1,513,369	1,643,587	1,871,671	2,164,023
Vacancies notified.....	788,609	1,062,574	1,222,828	1,479,024
Vacancies filled.....	621,410	828,230	921,853	1,116,909
Individuals given work.....	469,210	573,709	652,306	814,071

II. Proportion of individuals given work and of vacancies filled.

	1911	1912	1913	1914
Proportion of individuals given work to individuals registered.....	Per cent. 31.0	Per cent. 34.9	Per cent. 34.9	Per cent. 37.6
Proportion of vacancies filled to vacancies notified.....	78.8	77.9	75.4	75.6

III. Summary of work done in 1914 distinguishing men, women, boys, and girls.

	Men.	Women.	Boys.	Girls.
Registrations.....	2,316,042	707,071	211,893	207,441
Individuals registered.....	1,581,694	476,936	157,093	148,310
Vacancies notified.....	939,383	312,344	157,278	100,019
Vacancies filled.....	706,458	232,935	103,280	74,236
Individuals given work.....	507,538	160,145	85,068	61,220

Miss POYNTZ. I have arranged in the following tables information regarding the fluctuations of employment during the year just past in the two American States which collect such data, New York and Massachusetts, and in several foreign countries for which information is available.

The labor market in September-December, 1915—Percentage of idleness in representative trade-unions in New York.

[New York State Department of Labor. The Industrial Commission.]

Industries or groups of trade.	Percentage idle.					
	July.	August.	September.	October.	November.	December.
Manufacturing.....	28.2	16.8	11.6	10.6	19.3	24.0
Clothing and textiles.....	38.3	20.1	12.6	9.1	24.0	31.5
Metals, machinery, and shipbuilding.....	11.9	8.1	6.5	18.6	5.0	4.0
Printing, binding, etc.....	10.9	11.0	10.0	9.3	8.4	7.4
Woodworking and furniture.....	25.4	23.7	16.4	14.1	13.8	13.0
Food and liquors.....	12.5	13.3	12.3	12.9	11.9	11.4
Tobacco.....	6.9	7.0	9.7	8.9	4.2	3.0
Paper and paper goods.....	3.3	3.7	10.5	7.4	3.6	4.1
Leather and leather goods.....	9.1	1.0	.5	.2	6.5	44.5
Glass and glassware.....	63.8	42.4	17.2	17.9	27.7	17.8
Building.....	35.3	33.6	28.9	23.9	23.9	30.9
Stone working.....	55.5	50.0	44.6	61.5	67.0	69.1
Building and paving trades.....	34.9	33.4	29.3	23.7	23.3	30.4
Building and street labor.....	28.3	23.2	4.9	3.0	8.9	12.1
Transportation.....	12.0	11.4	10.1	8.2	8.4	8.9
Railways.....	6.7	6.3	5.8	4.3	3.4	2.6
Navigation.....	4.4	2.8	4.5	4.4	4.7	13.1
Teaming and cab driving.....	19.1	20.1	15.9	13.9	14.5	10.2
Freight handling.....	38.1	37.0	33.6	22.2	25.3	23.8
Telegraphs.....	6.7	1.3	1.0	.3	.2	.1
Miscellaneous.....	14.4	9.3	5.2	5.1	5.3	5.9
Theaters and music.....	83.5	46.5	2.3	.9	.9	3.8
Restaurants, trade, etc.....	12.2	9.2	10.1	10.7	12.0	11.4
Public employment.....	.5				1.3	2.6
Stationary engine tending.....	4.2	4.2	3.9	4.5	3.2	3.7
Other.....	22.6	17.6	19.8	11.3	3.0	2.7
Total.....	26.0	19.3	14.9	12.7	17.6	21.9

Idleness of organized wage earners until first half of 1915—Percentage of unemployed members of representative trade unions, January to June, 1915.

[State of New York, department of labor, Bulletin 73.]

Industries or groups of trades.	Percentage idle.					
	January.	February.	March.	April.	May.	June.
1. Building, stone working, etc.....	51.8	52.8	46.0	41.2	36.2	38.2
Stone working.....	76.9	96.5	67.5	59.5	61.9	62.7
Building and paving trades.....	50.9	51.3	45.2	40.5	35.4	38.0
Building and street labor.....	58.5	62.4	52.0	44.1	37.5	33.6
2. Transportation.....	20.0	19.8	18.1	14.8	13.8	11.2
Railways.....	7.1	7.6	8.5	7.7	6.8	7.0
Navigation.....	25.8	25.4	27.6	10.8	8.4	5.0
Teaming and cab driving.....	25.3	21.9	17.3	20.0	21.2	16.9
Freight handling.....	53.8	61.3	59.1	47.7	43.8	34.6
Telegraphs.....	7.0	6.7	6.5	6.2	6.9	6.8
3. Clothing and textiles.....	64.4	38.1	27.2	31.2	56.6	36.3
Garments.....	68.5	30.0	17.9	30.6	68.4	45.6
Shirts, collars, and laundry.....	33.3	33.3	30.0	10.0	11.1	37.5
Hats, caps, and furs.....	79.3	67.4	58.8	39.4	32.8	15.7
Boots, shoes, and gloves.....	27.0	21.7	19.6	10.5	7.8	5.5
Textiles.....	25.9	23.4	12.3	99.5	12.9	13.6
4. Metal, machinery, and shipbuilding.....	28.8	24.9	26.8	21.8	13.8	8.8
Iron and steel.....	29.8	25.5	27.8	22.3	13.5	8.8
Other metals.....	21.7	23.1	18.0	19.8	17.9	28.3
Shipbuilding.....	14.3	14.3	14.3	14.3	14.3	14.3
5. Printing, building, etc.....	9.3	8.6	10.0	9.7	9.9	9.6
6. Wood working and furniture.....	36.1	38.1	38.2	29.0	24.4	23.2
7. Food and liquors.....	14.6	14.0	16.8	15.0	14.2	13.5
Food products.....	25.8	24.5	26.3	24.4	21.4	21.9
Beverages.....	6.0	6.0	9.5	7.8	8.8	7.3
8. Theaters and music.....	5.6	7.0	11.7	37.1	46.3	55.6
9. Tobacco.....	21.2	26.0	27.5	22.9	9.9	9.6
10. Restaurants, trade, etc.....	16.5	16.2	15.7	14.0	15.8	12.0
Hotels and restaurants.....	18.7	18.1	18.1	16.8	18.8	13.7
Barbering.....	11.9	13.9	13.2	7.1	8.1	7.4
Retail trade.....	5.6	3.5	.9	.9	1.8	3.5
11. Public employment.....	.4	.4	.5	1.0	1.0	.7
12. Stationary engine tending.....	4.8	4.1	3.9	4.1	4.3	4.0
13. Miscellaneous.....	30.1	28.2	19.7	19.9	22.5	21.9
Paper and paper goods.....	4.3	8.0	2.9	3.9	10.0	13.3
Leather and leather goods.....	41.6	42.1	40.4	40.6	40.4	26.9
Glass and glassware.....	26.5	31.6	33.6	32.6	28.9	23.9
Other distinct trades.....	84.6	59.3	16.9	17.4	23.3	35.6
Mixed employment.....					3.1	
Total.....	40.1	32.2	27.4	26.4	31.8	25.5

UNEMPLOYMENT IN MASSACHUSETTS IN 1915.

[A quarterly report of unemployment, Bureau of Labor Statistics, ending June 30, 1915, p. 11, and Dec. 31, 1915, p. 17.]

TABLE 4.—*Unemployment in the principal occupations.*

All occupations.	Percentages.			
	Mar. 31.	June 30.	Sept. 30.	Dec. 31.
All occupations.....	16.6	10.6	7.0	19.3
Bakers and confectioners.....	17.6	9.5	11.3	11.7
Barbers.....	6.0	3.6	4.9	3.8
Bar-tenders.....	12.1	16.3	12.8	13.1
Blacksmiths and horseshoers.....	12.0	2.8	2.9	2.5
Boat makers.....			11.9	.5
Bookbinders.....			3.1	4.4
Boot and shoe workers.....	22.4	10.9	5.5	2.2
Boot and shoe workers (mixed).....	23.3	10.8	3.0	1.2
Cutters.....	33.8	9.8	6.0	6.4
Edgemakers.....	7.7	9.8	3.8	5.9
Lasters.....	33.7	27.4	23.5	1.0
Stitchers.....	26.9	5.5	3.7	1.4
Triers, dressers, and packers.....	14.3	13.2	4.4	4.1
Others.....	5.6	13.1	2.6	.2

UNEMPLOYMENT IN MASSACHUSETTS IN 1915—Continued.

TABLE 4.—Unemployment in the principal occupations—Continued.

All occupations.	Percentages.			
	Mar. 31.	June 30.	Sept. 31.	Dec. 31.
Bottlers and drivers.....	10.4	1.2	3.3	2.7
Brewery workmen.....	7.4	6.4	5.1	6.1
Bricklayers, masons, and plasterers.....	44.4	20.3	11.3	31.4
Car workers and inspectors.....	10.5	2.1	.....	.....
Carpenters.....	24.3	12.3	6.4	14.5
Cigarmakers.....	16.4	12.2	4.4	7.9
Clerks, railway.....	1.1	.9	.3	2.0
Clerks, retail and wholesale.....	6.5	7.4	2.2	2.1
Compositors.....	13.7	11.9	7.0	7.8
Conductors, railway.....	3.2	4.2	4.8	6.4
Cooks and waiters.....	15.0	7.7	5.1	5.2
Electrical workers.....	15.0	6.5	3.7	1.6
Engineers (hoisting and portable).....	24.3	14.3	6.7	13.3
Engineers (locomotive).....	9.3	9.3	9.7	9.0
Engineers (stationary).....	2.2	3.2	2.0	2.0
Firemen and engine-men (locomotive).....	14.9	12.5	6.8	4.8
Firemen (stationary).....	2.7	3.1	2.5	2.1
Freight handlers and clerks.....	16.2	14.9	33.2	61.1
Garment workers.....	38.5	22.7	7.8	4.7
Granite cutters.....	9.9	17.2	5.9	17.7
Hod carriers and building laborers.....	18.3	14.1	44.2	3.1
Lathers (wood, wire, and metal).....	49.7	41.5	13.0	21.0
Machinists.....	11.1	11.3	20.0	12.8
Maintenance-way employees.....	.6	.3	.....	.5
Metallurgists, buffers, and platers.....	18.0	7.2	2.1	6.6
Molders, coremakers (iron and brass).....	14.0	12.7	5.1	14.1
Municipal employees.....	11.6	8.3	15.1	28.0
Painters, decorators, and paperhangers.....	29.3	13.4	13.2	35.7
Paper and pulp makers.....	28.2	34.2	32.1	.8
Plumbers, gas fitters, and steam fitters.....	27.3	13.0	14.8	14.1
Printing pressmen.....	5.8	5.1	2.5	2.5
Quarry workers.....	29.7	40.3	23.0	9.2
Sheet-metal workers.....	17.2	17.6	7.5	5.3
Railroad workers.....	10.0	.....	2.6	2.3
Station agents and employees.....	10.0	2.1	2.0	1.1
Steam-railroad employees (non-strike).....	12.3	1.9	1.0	2.3
Street and electric-railway employees.....	9.1	1.8	3.4	3.2
Tailors and dressmakers.....	13.4	15.2	4.4	20.2
Teamsters, chauffeurs, etc.....	15.7	11.0	2.5	1.9
Telegraphers, railroad.....	1.6	.9	.7	.5
Telephone operators.....	1.4	1.3	.9	8.8
Textile operatives.....	10.1	6.9	3.6	4.0
Loom fixers.....	8.9	8.9	2.0	2.9
Mule spinners.....	12.6	7.6	3.0	6.0
Weavers.....	2.0	4.7	1.7	1.0
Others.....	18.9	7.1	8.4	7.6
Theatrical-stage employees.....	20.5	44.5	16.6	16.7
Trainmen, railroad.....	6.1	3.1	2.0	2.4
All other occupations.....	(¹)	(²)	(³)	11.2

¹ Exclusive of persons on strike, the percentage unemployed for freight handlers and clerks was 4.5 per cent and for machinists 1.

² Omitted, not being strictly comparable with the group similarly designated Dec. 31, 1915.

NOTE.—Caution should be exercised in drawing conclusions with reference to those occupations which are represented only by a small membership reporting.

GREAT BRITAIN.

The Board of Trade Labor Gazette reports that the high level of employment of recent months was fully maintained in December and a general shortage of labor was reported. Compared with the corresponding month of 1914, there is considerable improvement noted.

Great scarcity of labor is reported in the mechanical industries and the ship-building trades, in the cotton trade, and in the textile trades. Tinplate works, building trades, and brick works showed a decline in activity, the cause being seasonal in the latter two. The following table shows the per cent of unemployment in trade-unions during each month of 1914 and 1915:

Per cent of unemployment in trade-unions during each month, 1914 and 1915.

Year.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.
1914.....	2.6	2.3	2.2	2.1	2.3	2.4	2.8	7.1	5.9	4.4	2.9	2.5
1915.....	1.9	1.6	1.3	1.2	1.2	1.0	.9	1.0	.9	.8	.6	.6

The mean annual percentage for unemployment for the year 1915 in British trade-unions was 1.1, as compared with 3.3 in 1914, 2.1 in 1913, 2.4 in 1912, 3 in 1911, and 4.7 in 1910.

Employment conditions in certain industries are reflected in the following tables, which show the total number of establishments, number of employees, and total amount of wages paid during a representative week in December, 1915, and the per cent of increase or decrease in numbers employed and wages paid over in the corresponding week of November, 1915, and December, 1914. These data, of course, relate to the same establishments in each period of time indicated; otherwise the comparison would be valueless. According to this table the number employed in this week of December, 1915, as compared with the corresponding week of December 1914, was 0.3 per cent less, while the amount of wages paid to the same number of employees was 13.8 per cent greater.

Table follows giving number of persons employed by establishments reporting and wages paid such employees for the week ending December 18, 1915, compared with data for the corresponding week of November, 1915, and of December, 1914.

GERMANY.

The Reichs-Arbeitsblatt reports that since German industry has adjusted itself to the conditions arising from the war economic development has taken an even course, with insignificant changes from month to month. During September and October conditions in German industry were essentially the same as during the preceding months, with a slight improvement in November. General industrial conditions were reported as satisfactory, exception being made of conditions in the textile and building industries. Mining and war-supplying industries continue active. Improvement is reported in shipping activity on the Rhine.

Returns from employers for September show an increase of 18 per cent in the number of workmen employed, as compared with September of the preceding year, and returns for October and November, 1915, show an increase of 1 and 14 per cent, respectively, in the number employed, as compared with the same months in 1914. In September male workers formed the larger part of the increase noted, while in October and November the larger part was due to the influx of female workers. If employment during the above three months of 1915 is compared with employment in the same months of 1913, there is indicated a decrease in the number of workmen employed of 9, 14, and 18.5 per cent, respectively.

Practically no change of significance as to the percentage of unemployment in trade-unions, as compared with the preceding months, July and August, is noted. The per cent of unemployment in August and September, 1915, was 2.6, and in October and November 2.5.

Reports from the labor exchanges show a decline in the number of applicants for positions in all three months of 1915 under review, as compared with these months in 1914. For every 100 situations registered as vacant in September, October, and November, 1915, the number of male applicants was 89, as compared with 200, 154, and 140, respectively, for the same months of 1914, and the number of female applicants was 170 in September, 182 in October, and 179 in November, 1915, as compared with 183, 191, and 189, respectively, for the same months in 1914.

CANADA.

The labor Gazette of the Canadian department of labor summarizes employment conditions throughout the Dominion in 1915 in these words:

"The opening of the year 1915 showed a marked change from the conditions existing at the commencement of 1914. At the beginning of the year the de-

pressed conditions of the previous year were still apparent, but in 1915 the improvement which became noticeable from month to month during the latter part of the previous year had become fairly well pronounced and the close of 1915 witnessed a return to almost normal conditions in many respects. While at the close of 1914 there was still considerable unemployment, and in some localities this condition existed during the early months of 1915, the gradual enlistment of men for overseas service, the employment of others in the manufacture of munitions and other military supplies, in agriculture and lumbering operations, and the heavy falling off in immigration, all combined to bring conditions in many parts of the Dominion back to almost a normal basis so far as employment was concerned. Manufacturing in many lines outside of special activity in the manufacture of munitions of war was improved; lumbering showed activity practically throughout the year; fishing on the whole was good; mining, both coal and metal, showed great improvement, and toward the latter part of the year was back to, if not above, the normal activity of previous good years. Outside of building operations, which continued to be dull, practically all the Dominion's industries showed great improvement.

"As the department has but recently commenced the publication of the activities of employment bureaus throughout the Dominion, only a limited amount of statistical data is available. Eleven employment bureaus of the Young Women's Christian Association reported 1,217 vacancies notified and 253 women and girls placed during November, 1915. Twelve bureaus of the Salvation Army reported the distribution of 1,402 casual jobs to 870 persons. The nine public employment offices cooperating with the department reported 4,608 vacancies and 3,782 individuals placed."

Miss POYNTZ. The results of the special inquiries into unemployment in New York City made by the Metropolitan Life Insurance Co. and the United States Bureau of Labor Statistics offer interesting data on the extent of unemployment during a period of industrial depression such as characterized the early part of 1915.

UNEMPLOYMENT IN NEW YORK CITY.

The Bureau of Labor Statistics has just completed the tabulation of the results of unemployment in New York City during September, 1915. The results of an earlier investigation of the subject made in January and February, 1915, were published in April as Bulletin 172 of the bureau. The earlier report presented the conditions of employment at a season of the year when probably the maximum number of wage earners were out of work. While it was believed that the extent of unemployment at that period was considerably above the normal there was no way of determining this, as no trustworthy statistics existed as to unemployment in New York City in previous years which could be used as a basis of comparison. In order to determine the falling off in unemployment between the winter season, when the number of wage earners out of work probably reached the highest point, and the summer season, when the number of unemployed under normal conditions would probably be the smallest of the year, the bureau undertook the second survey. The canvass was made in August and September, 1915. The same 104 city blocks were covered as in the earlier investigation, but reports were secured from somewhat larger number of families. The summary results of the two investigations showing unemployment in February and September, 1915, are shown in comparison in the following table:

Summary of unemployment in February and September, 1915.

Items.	February.	September.
Number of families scheduled.....	54,849	56,539
Number of families having unemployed wage earners.....	11,723	5,480
Number of persons in families.....	227,428	235,628
Number of wage earners in families.....	15,443	97,741
Number of unemployed wage earners.....	15,417	6,539
Per cent of unemployed wage earners.....	16.2	6.7

A comparison of figures shows that only 6.7 per cent of the wage earners in the families canvassed in September were unemployed, as against 16.2 per cent of those in the February canvass.

On the basis of the figures secured in the former study, it was estimated that the number of wage earners out of employment in the city in February was approximately 398,000, while the number out of work in September, estimated on the same basis, was only about 164,500.

It should be estimated in this connection that while there was only 6.7 per cent of the wage earners wholly unemployed in September, there were in addition 8.4 per cent of all wage earners working part time only.

In October, 1915, the Metropolitan Life Insurance Co. also completed a second survey of families in New York City holding industrial policies in that company. Their investigation was made by agents of the company and conducted in the same manner as a survey made by the company in January, and while the same districts were covered as in the preceding census, reports were secured for a much smaller number of families.

The results of the earlier survey of the Metropolitan Co. were published in Bulletin 172 of the bureau, already referred to. A summary of the figures secured in the two surveys of the Metropolitan Co. is presented in comparative form in the following table:

Unemployment among wage earners in New York City, as shown by a canvass of industrial-policy holders of the Metropolitan Life Insurance Co., made by its agents January and October, 1915.

Items.	January.	October.
Number of families scheduled.....	155,960	100,951
Number of families having unemployed wage earners.....	37,064	11,508
Number of wage earners in families.....	252,912	141,616
Number of unemployed wage earners.....	45,421	12,865
Per cent of wage earners unemployed.....	18.0	9.1

It will be seen from this table that the per cent of unemployment found in October was 9.1, as against 18 reported in January. The figures for the later date, however, covered less than two-thirds of the families and wage earners included in the earlier investigation. The results of the Metropolitan company's surveys differ somewhat from the surveys of the bureau. It is not possible to state the exact cause of these differences. It is possible that the explanation is in the different periods covered or in the selection of families, due to the fact that in one case all the families having members who were industrial-policy holders were taken, while in the other case all of the families of certain districts were taken. The differences, however, in the percentages of unemployment are so slight as practically to confirm the substantial accuracy of the investigations.

UNEMPLOYMENT IN NEW YORK CITY.

[Study of Bureau of Labor Statistics (Bull. No. 172), pp. 7-8.]

The investigation included a complete census of 104 representative city blocks located in various sections of the city, the less populated as well as the more congested sections. The blocks were carefully selected with the purpose of including a representative number of families of the various nationalities and all classes of workers.

This study was supplemented by a further census of the families living in 8,703 individual tenement houses and residences covering a still wider range of distribution.

For the purposes of the study all persons who had any employment whatever, regular or irregular, full time or part time, at the time of the agent's visit were recorded as employed.

This enumeration was begun January 30, 1915, and was finished February 17, 1915, a schedule being secured for each family visited.

The results of the investigation were as follows:

Number of families scheduled.....	54,849
Number of families having unemployed wage earners.....	11,723
Per cent of families having unemployed wage earners.....	21.4

Number of persons in families.....	229,428
Number of wage earners in families.....	95,443
Number of unemployed wage earners.....	15,417
Per cent of unemployed wage earners.....	16.2

Assuming that the number of wage earners is now 2,455,000, as before stated, and using this figure as the basis of our estimate and applying to it the rate of unemployment derived from the study, as shown above, the total number unemployed would be about 398,000. It will be seen that the general results of this study approximate the results of the investigation made by the Metropolitan Life Insurance Co. The difference between the two may to some extent be accounted for by the fact that the investigation by the bureau was made later in the season than that made by the Metropolitan Life Insurance Co., and the conditions of unemployment may have changed to some extent.

The above figure, however, does not fully measure the hardships resulting from the lack of employment. In practically all industries the distress due to complete unemployment is made much more serious because of the large amount of part-time employment or irregular employment. On account of the difficulty of getting information in regard to irregular or part-time employment, and finding out just what such reports meant, all persons who had any employment whatever, regular or irregular, full time or part time, at the time of the agent's visit have been tabulated as employed.

UNEMPLOYMENT IN NEW YORK CITY AND NORTHEASTERN NEW JERSEY.

[Study of Metropolitan Life Insurance Co. (Bull. No. 172), pp. 15, 18-19.]

As stated in the introduction, the Metropolitan Life Insurance Co., in order to secure information regarding unemployment, made a census of all the families in which industrial policies were held in that company in Greater New York. The investigation was made by the agents of the company who were furnished with inquiry blanks and who secured the facts of unemployment from each family visited. The following is a summary of that canvass:

Total number of families.....	155,900
Number of families with unemployment.....	37,064
Total number of wage earners in families.....	252,912
Number of unemployed wage earners.....	45,421
Per cent of wage earners unemployed.....	18

Supplementary to its investigation made in Greater New York, the Metropolitan Life Insurance Co. made a canvass of the families of its policyholders in northeastern New Jersey, including the several districts, in which the following-named cities are located: Bayonne, Bloomfield, Newark, Hoboken, Irvington, Jersey City, Orange, and Union Hill.

The canvass was made because of the fact that a great many of the residents of these cities are normally employed in New York City, and it was believed that the conditions of unemployment in this section would have an important bearing upon the conditions in New York. The results of this canvass were as follows:

Total number of families.....	61,201
Number of families with unemployment.....	11,821
Total number of wage earners in families.....	97,026
Number of unemployed wage earners.....	14,314
Per cent of wage earners unemployed.....	14.8

It will be noted that the percentage of unemployment in families in this locality is shown to be about 3.2 per cent less than is shown by the study made in Greater New York. These cities, although located in New Jersey, are sometimes included in the so-called metropolitan district of New York, and if we combine these data with those secured for New York we have the following showing:

Total number of families.....	217,161
Number of families with unemployment.....	48,885
Total number of wage earners in families.....	349,938
Number of unemployed wage earners.....	59,735
Per cent of wage earners unemployed.....	17.4

When we know that the demand is so much greater at one time than it is at another, when we realize that this great army of workers is necessary to us—unemployed at one time, but which is needed just as soon as industry is revived—we see that this army must be supported, for if it is not supported, and supported properly, it will deteriorate mentally, morally, and physically. What country can long remain great with an inefficient, underfed, and demoralized population?

We must admit now that the responsibility for unemployment lies more with industry, with the consumer, with the public than with the worker himself. It is the irregular buying habits of the consumer, the fluctuating production in industry, and the disorganization of the labor market which are the main causes of unemployment, and the huge burden of unemployment should not be thrown entirely on the backs of the workers, whose income is only sufficient for the periods when they are working. It is only in a few industries or trades—as, for instance, the building trades—that there is any attempt to raise the wage to compensate for the slack season. In other industries, in a number of them, that is absolutely impossible, because there are always a large number of workers standing around willing to work at an ordinary wage, and thus it is made impossible to make the wage sufficient to tide over the slack season. There must be some provision made for this season.

Whatever may be said against the Government or State cooperating in sickness or in accident insurance, there is nothing that can be urged against the suggestion of cooperation in the matter of unemployment insurance. In England it has been a matter of division between the workers, the employer, and the State.

Lloyd George put through his bill for social insurance as a part, an essential part, of his preparedness program. England was preparing then to meet Germany—not only in a military way, but also industrially. It was far-sighted administrators, and not the welfare workers or the trade-unions, that were responsible for the introduction of that legislation in England. The trade-unions looked at it at first rather suspiciously. They had already distributed \$20,000,000 in 10 years in unemployment benefits. The system, when introduced in England, followed the same policy as has been followed everywhere else in cooperating with the trade-unions. In connection with the difficulty of determining whether a worker was genuinely employed or not, it was necessary to have such a system developed in connection with the benefits already given by the trade-unions, and thus have the cooperation of the unions. The contributions to this system were made equally by the employer and the worker, 2½ pence from each, and the State paid one-third of their combined contribution.

That legislation has followed a system that has proved successful in Ghent and other cities on the Continent and gave to the trade-unions—to the larger trade-unions—an opportunity to take a part in it. This compulsory system was extended and the Government added one-sixth of the benefit paid. Money expended in this way is wisely expended. The result is rather to put a stimulus to regularize labor, because the expense is an inducement to all parties concerned to reduce the rate of unemployment because the employee has a bonus returned to him, a rebate, including his contributions on all workers

regularly employed throughout the year. So the whole aim and effect of unemployment insurance is to make employment more regular. In addition, a national system of unemployment insurance, when effectively developed, may be expected to have an important effect in mitigating industrial causes, since it increases the consuming power of the workers and consequently the demand for goods. The retail and wholesale distribution, the factory production, are all stimulated by the increased demand, and unemployment insurance during industrial depressions appears therefore in the light of a subsidy to all classes for the improvement of trade rather than merely as a measure of justice and relief for the workers.

The cost of such a system as is now in vogue is a constant pressure for some other method of dealing with the matter. The commission under discussion should consider whether much might not be done in opening land to workers and in developing a more farsighted agricultural policy. In doing this the commission would have to consider the whole question of immigration in the light of the labor problem. Immigration is an industrial problem and a question of the labor market primarily. There would be little objection to immigration if it were regulated according to the state of the labor market. It will be seen, therefore, that there is a very close connection between this problem and that I mentioned a few moments ago, of getting and maintaining a proper view of the state of the labor market of this country through the medium of adequate labor exchanges. Therefore, a constructive policy on immigration is part of a general program in regard to dealing with unemployment.

Further regularization may be applied to the labor market by the systematic distribution of public work. Public employment can be made to a considerable extent supplementary to private employment. Public work should be made as far as possible to act as a sponge absorbing the reserves of labor in bad years and slack seasons and setting them free again when the demand for them increases in private business. Even at slightly additional cost, when necessary, public work should be conducted in years of depression and seasons of depression. A program of the amount of public work contemplated or contracted for for several years ahead should be laid out and then carefully planned to fall in the lean years, which experience has shown to recur periodically. Similarly the work should be done in the months where private employment is at a low ebb. This is the least expensive and troublesome way of maintaining the reserves which private industry demands and preserves the independence and self-respect of the workers while accomplishing necessary and productive work for the community. The rate of wages and the conditions of labor should be up to the standard of the district.

During special emergencies or a crisis a special effort should be made to put through large projects for public works, rather than support the unemployed by charity or public relief. This should not be "relief work" or "made work" simply to keep idle hands busy, but should be real necessary public work which would have been undertaken normally in the course of time but which can be concentrated in the time of emergency. Such work would be the construction of additional buildings for schools or colleges, of roads, bridges, electric and steam railways, footpaths, parks, the making of improvements, such as paving and drainage, the building of hos-

pitals, sanatoria, laboratories, and public buildings, the improvement of harbors, the development of canals and means of inland navigation, the making of supplies for public institutions, such as clothing, uniforms, and furniture. Each community will be able to think of special kinds of public work which need to be carried out for the development of the district.

The systematic use of public works to relieve unemployment has been very successful where it has been used in European countries, and many communities in the United States have under way similar plans. In Oregon cooperative groups of men have been set to work cleaning off waste forest lands, and similar work is on foot in Washington.

In New Zealand great success has been achieved in relieving unemployment by letting out public work directly to cooperative groups of workers under the direction of the public engineer without the taking over of the work by contractors. These cooperative workers have been successful not only in rough development work but in building bridges and even public buildings, in some cases far more cheaply than the lowest price bidden by the contractors. Furthermore, wherever possible these public works are made part of a general policy of re-establishing the workers on the land. They are set to building roads and railways to hitherto inaccessible land, upon which they are then encouraged to settle with Government assistance.

Alongside the public works small rural settlements are developed on which the workers live and grow accustomed to rural life, these settlements being planned in the beginning to be near some industrial or farming center, which will provide the men with some work to supplement the produce of their small plots when the public works have been completed. By such a farsighted policy the number of the unemployed in the cities has been greatly reduced, and hitherto undeveloped country is being rapidly transferred into a populous and prosperous farming and grazing community.

Extraordinary opportunities for the use of public works for purposes of regularization are offered here in America, where there are such enormous undeveloped tracts of agricultural, swamp, and forest land to be reclaimed and improved through irrigation, drainage, and afforestation. It is estimated that there are at least 45,000,000 acres of land which can be irrigated and won for cultivation. The reclamation act of 1902 provided that money received from sales of public lands should be used for irrigation purposes in the West. Up to 1909 about \$46,000,000 were spent in reclamation work. In 1908 there were 30 projects, which, if completed, will irrigate over 3,000,000 acres of land.

There are 77,000,000 acres of wet land which can be drained, and the value of which will average \$60 per acre; the present average value of the land is \$8 per acre and the average cost of drainage is about \$5 per acre. Lands before drainage are worthless, being available only for marsh hay or grazing; after drainage they are available for valuable crops. By drainage of wet lands the health of the community will be improved. The prevalence of malaria in the South and in certain parts in the East is due to swamps. Drainage of swamps and marshlands will furnish food for at least 10,000,000 people.

It is estimated that there are 80,000,000 acres of forest land which need to be stocked to make the forest more productive.

The regularization of the public demand for labor so as to counteract the industrial fluctuation has been discussed for some time in England. Prof. Bowley suggested before the poor-law commission that the Government may set aside a fund for a 10-year program for goods and services at the most appropriate time. When trade is normal expenditures are postponed and when it is bad more is

expended. By this method when private purchases are diminished, as they are during "bad" times, the public expenditures would be increased under the scheme of "regularization," and the percentage of unemployment will be greatly diminished.

It is assumed under this scheme that these expenditures can be postponed or increased without affecting the efficiency of the public service. The scheme of "regularization" can only be carried out by coordination of all departments of the Government.

The British development act sets aside certain sums of money which may be advanced by grants or loans to associations not trading for profit for the following purposes:

- (a) Aiding and developing agriculture and rural industries.
- (b) Forestry.
- (c) The reclamation and drainage of land.
- (d) The general improvement of rural transport.
- (e) The construction and improvement of harbors.
- (f) The construction and improvement of inland navigation.
- (g) The development and improvement of fisheries.

The act also provides that in the employment of labor on a considerable scale under the provisions of the act "regard shall be had so far as it is reasonably practicable to the general state and prospects of employment."

The purpose of the act is not to assist the unemployed at times of distress, but rather to minimize the fluctuations of unemployment and to act as an equalizing factor in the labor market.

It is admitted that the provisions of the development act will benefit largely the workers in the rural districts rather than those in the cities, except in cases of the unskilled, which could be employed on all the enumerated projects.

Seasonal fluctuations between winter and summer: Rural and semi-rural industries are subject to loss of employment during winter. These intervals force men into towns to look for casual labor. To meet this condition, an alternative occupation for the rural laborer would be forestry, which industry is especially adapted for the winter months.

The argument that forestry doesn't require as great numbers of workers as agriculture is met by the answer that forestry, plus the by-industries it creates, can employ great numbers of unemployed agricultural laborers.

Another field where rural workers and unskilled can be used during times of unemployment is reclamation work.

The unemployment advisory board of New South Wales, consisting of representatives of the Crown, labor organizations, and the unemployed, recommended in September, 1899, the following program:

First, it proposed an extensive program of what it called "reproductive public work," including such enterprises as planting public lands with trees, clearing and draining them for settlement, the storage and supply of water for mining, building bridges, making railroads, highways, which in New South Wales are owned by the National Government. The board also recommended:

1. A national intelligence department for men and women.
2. Labor depots, where the unemployed can be temporarily sheltered and employed.

3. Industrial farm settlements—an expansion of the labor depot, where the men are given work and technical instruction.

4. Assisted settlement blocks, where the men who graduate from the industrial farm settlements are given farms of their own.

5. Compulsory labor farms for the vagrants.

6. Subsidies to mineral prospectors, advances to settlers, allotment of land to societies formed to settle cooperatively, treasury advances for the establishment of cooperative industries in the assisted settlement blocks, and instructions in agriculture in the primary schools.

The building trades peculiarly lend themselves for consideration in regard to regularization of the public demand. Mr. N. B. Dearle, in a paper before the conference on prevention of destitution of Great Britain (Proceedings, 1911, pp. 534-541), discussed the matter at length, showing the part the Government can play in organizing its demand as far as the building trades are concerned. He divides the work carried on by public authorities into three classes—construction, reconstruction, and maintenance:

The first may be defined as the putting up of fresh buildings where such did not exist before, and the second as operations of a structural character upon existing buildings, varying from complete rebuilding to renovation of an old fabric, and includes larger additions and extensions. Finally maintenance consists of such work as is required to keep buildings in good order, such as any variety of repairs, periodical cleaning and redecoration, and smaller alterations.

New construction consists of two classes of work, namely, those which go on pretty regularly from one year to another, like schools, post offices, and the stations, and special buildings of which only a limited number is required.

Such works as a whole do not lend themselves to regulation to meet variations between different parts of the year, but we must distinguish whether they last a year or over, or not more than, say, nine months, since a certain limited number of the latter could not be utilized to meet seasonal differences. Contracts above a certain size usually have to be carried on throughout the year, and though those of moderate size can not be begun just before the winter, it is a question whether, when the period of great briskness comes comparatively early in the summer, it might not be possible to start them soon after midsummer in order to carry them well into the winter.

Speaking of reconstruction work, Mr. Dearle believes that that class of work "offers the most favorable field for operations, since the need of commencing work of reconstruction at a particular time is far less great, and a smaller proportion of the work will be incapable of manipulation in this way, and postponement or acceleration will be quite possible. Moreover, the work is often capable of arrangement for some years ahead in a definite program."

Mr. Dearle suggests two lines of policy in regard to work on public buildings:

First, though much public work is more regular than private work, postponement till the last moment often leads to much irregularity from year to year. To do a regular amount yearly, therefore, is a first step, by increasing regular at the expense of variable work, whilst it will be comparatively easy to go a step further and distribute the work according to the state of trade. The same considerations will often apply to large works or repair or redecoration to single buildings.

Mr. Dearle then takes up the third class of work in connection with public buildings, namely, maintenance of same, which falls into two classes:

Work of a recurrent character, mostly cleaning and decoration, and odd jobs of various kinds which have to be done mainly as the need arises. Such work

can only operate on seasonal fluctuations, and whilst the amount done by any single authority may be small, the sum total of it is very considerable. Much of it, however, is not for our purpose.

To begin with, a very large part of it must be done as it occurs. A collapsed sewer or burst pipe must be taken in hand at once. Secondly, weather conditions practically render impossible the doing of outdoor work in winter, as all experiments in this direction have proved, but such work can very largely be utilized to meet the summer slackness. Thirdly, certain work can only be done within strictly limited periods. Thus the internal painting of schools must be done in the holidays, and so for our purpose only the Christmas holidays are available. Again libraries are in fullest use in winter and can not be done then, nor can churches, whose busy season ecclesiastically is from November to June. Finally, there is the question of convenience. The internal painting of offices of public authorities can be done best in the summer holidays, though from a purely business point of view the doing of the work in winter would be perfectly feasible, and the matter does not appear beyond the scope of organization.

In discussing what is being done already in the way of regularizing public work on buildings Mr. Dearle states:

Much is being done already, as most public authorities are attempting to carry out as much internal painting as possible in winter. Much more might still be done, but distinct progress is being made. Recently the board of works (London), as the result of representations, issued instructions for painting to be done, as far as was practicable, so as to fall in with the painters' slack season, and the results are understood to be satisfactory. As regards winter work, however, it is not possible to do more than mitigate existing slackness, but far more can be done to meet the slack seasons of summer, and this is being realized by some authorities. Except for work which has to be done in the holidays, a very great proportion of outdoor work could be put into the slacker months, and even with schools there would not be the same necessity for doing external work in the holidays.

The accompanying table shows the national expenditures of the United States for 1914. It is difficult to say, without detailed examination, just how much under each head might be arranged according to the needs of the labor market; but the possibilities of such arrangement in at least part of the following divisions are obvious:

Public buildings, construction and site.....	\$11, 277, 797. 10
Fortifications, arsenals, military posts.....	7, 759, 118. 77
Rivers and harbors	49, 921, 592. 16
Miscellaneous public works.....	452, 365. 52
Naval establishments, including construction of new vessels, machinery, armaments, equipments, improvements at navy yards, etc.....	189, 682, 186. 28
Total	209, 093, 059. 83

Annual registry, 1914, United States Treasury Department (finance)—General fund, pages 43 and 44.

RECEIPTS (EXCLUDING POSTAL SERVICE).

Customs.....	\$292, 320, 014. 51
Internal revenue:	
Ordinary.....	\$308, 659, 732. 56
Corporation excise tax	10, 671, 077. 22
Corporation income tax	32, 456, 662. 67
Undivided income tax.....	28, 253, 534. 85
	880, 041, 007. 80
Sale of public land.....	2, 571, 774. 77
Miscellaneous.....	59, 740, 370. 13
Total ordinary receipts	734, 673, 166. 71

DISBURSEMENTS (EXCLUDING PANAMA CANAL AND POSTAL SERVICE).

Civil establishments:	
Legislative establishments	\$13,468,827.66
Executive office	564,134.36
State Department	5,253,911.78
Treasury Department proper	48,862,059.68
Public buildings, construction and site	11,277,797.10
War Department, civil	2,237,069.37
Department of Justice	10,188,151.26
Post Office Department	2,236,202.24
Navy Department, civil	860,873.02
Interior Department proper	22,656,130.62
Department of Agriculture	22,208,141.12
Department of Commerce	10,958,882.04
Department of Labor	3,768,904.05
Independent offices	3,232,179.61
District of Columbia	12,756,971.18
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Military establishments:	
Army, Military Academy, and Militia	105,542,431.71
Fortifications, arsenals, military posts, etc	7,759,118.77
Rivers and harbors	49,921,592.16
Miscellaneous public works	452,365.52
Miscellaneous objects	9,847,296.04
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	173,522,804.20
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Naval establishments, including construction of new vessels, machinery, armaments, equipments, improvements at navy yards, etc	
	139,682,186.28
Indian Service	20,215,075.96
Pensions	173,440,231.12
Interests on public debt	22,863,956.70
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	700,254,480.71
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Excess of ordinary receipts	34,418,077.00
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Panama Canal expenditure, \$34,000,000.	

In conclusion, in so far as the unemployed workers are concerned, the supply of them will be checked at its source by enlightened measures for dealing with unemployment. For those that remain, pressure must be brought to bear upon them to work if able. An important function of labor exchanges is to apply the work test, the real work test, because it can never be known whether a man refuses to work until the opportunity has been offered him. If you know he can not get a job, then that is a case of genuine unemployment. If he does not work when work is available, there is something the matter with him. If he is ill, has tuberculosis, or is sick in any other way, he should be provided for by the devices afforded by a system of sickness insurance. If he is old, then there should be provision in the form of old-age pensions. If he is mentally deficient, he is a subject for institutions for the feeble-minded. We must analyze the problem in all its aspects, and not throw the whole unemployed army indiscriminately together and attempt to deal with it as a whole.

I would like to say once again that unemployment is a vast problem; that it is a tragic problem, more tragic than we can realize; it means desperation for the worker who is underfed, who has a family

to support, who has children who are unable to work for themselves. Even the charity organizations are beginning to recognize that unemployment lies at the root of their problems, and that constructive measures are needed instead of the doling out of alms. We need a thorough analysis of the problem of unemployment. We need tremendously such a commission as is being requested at the present time. We are simply asking for a little more light on the subject.

Mr. KEATING. Are there any members who wish to ask any questions of Miss Poyntz?

Mr. BROWNE. Is unemployment insurance in force in England?

Miss POYNTZ. It is. It is in force in seven industries, in industries which are in the main irregular industries, such as the building trades, engineering, and shipbuilding. In these seven industries, insurance is compulsory. The benefits are 7 shillings a week for a period of 20 weeks during the year. The payments made by the workers and the employers are equal—2½ pence each—that is, 5 cents each per week. The contributions of the employees are deducted from their wages. The amount paid by the state is one-third added to the combined contributions of employers and workers. If these seven trades-unions had previously given benefits, a certain sum was added to the regular subsidy by the Government in order to encourage and stimulate that sort of cooperative activity on the part of unions.

I think the general testimony of the labor organizations is that the act has proven very successful. The chief objections from this source are as follows: That the benefits are not large enough; that they do not continue long enough; that the eligibility to benefit is hedged about by too many restrictions, and that the operation of the act should be extended to all other trades. At the present time the insurance fund has a large surplus. The idea of the act is to build up a large fund in good years, to provide for crises. At the time of the introduction of the act there was talk of the "Prussianizing" of the English social system. A national system of labor exchanges and unemployment insurance has, however, never been established in Germany; but has been developed for the first time in England. The trade-unions cooperate actively in administering the unemployment insurance, and have been given large powers under the act.

Mr. BROWNE. Have you a copy of that law?

Miss POYNTZ. Yes.

Mr. BROWNE. If you can put it in the record, I would like to make that suggestion.

Mr. KEATING. I think it would be a good idea if you can incorporate the English law in the record.

Miss POYNTZ. I could make a few remarks about unemployment insurance on the Continent.

Mr. BROWNE. They have that on the Continent also?

Miss POYNTZ. Yes.

Mr. BROWNE. In many countries?

Miss POYNTZ. In practically all the countries on the Continent, in one form or another. A system very prevalent is that of giving

over funds to the trade-unions, to be distributed by them. That is to be added to unemployment benefits paid by the unions. That is the Ghent system, as it is called.

Mr. BROWNE. Does the government appropriate money to turn over for this work?

Miss POYNTZ. Yes.

Mr. BROWNE. It does not come out of the employees?

Miss POYNTZ. The city or state governments appropriate it. In England it is the workers, the employers, and the state, as I have outlined.

UNEMPLOYMENT INSURANCE.

The system of unemployment insurance interpreted in the broadest sense can be divided into three groups:

1. The system of compulsory insurance.
2. The system of subsidies of public bodies to the unemployment-insurance funds of the trade-unions usually called the "Ghent system," after the city in which it was first applied.
3. The system of State or communal voluntary unemployment funds. (See Addenda.)

COMPULSORY INSURANCE.

The most complete scheme of unemployment insurance is presented by the British national insurance act of 1911, which went into effect in July, 1912. The following is an analysis of the act and the workings of the same by the mayor's committee on unemployment of New York City (report 1916, pp. 70-73).

"The act is compulsory for all workmen in seven trades—building, construction of works, shipbuilding, mechanical engineering, iron founding, construction of vehicles, and sawmilling. The employers and the workmen each contribute 5 cents a week, except that rates are lower for persons under 18. The dues are paid through the employer, who deducts the workman's share from his wages. An amount equal to one-third of the total contributions of the employers and workmen is contributed by the Government.

"The law originally required that in order to be entitled to benefits a workman must have been employed in an insured trade for a period of not less than 26 calendar weeks in each of the preceding five years. This was amended in 1914 by substituting payment of 10 full contributions.

"Benefits are paid in an insured trade to workmen who have made 10 full contributions, who have made application for unemployment benefit in the prescribed manner, and who have since the date of the application been continuously unemployed; who are capable of working, but unable to obtain suitable employment, and who have not exhausted their rights to unemployment benefits under this part of the act. A workman is not obliged to accept work on conditions lower than those fixed by contract or custom in his trade and in the locality, nor to accept work in an establishment in which there is a trade dispute. No benefits are paid during strike or lockout. If a workman has been discharged for misconduct or has voluntarily left his employment without just cause, he can not enjoy benefit for six weeks.

"There are also provisions looking toward the prevention of unemployment by refunding one-third of the contributions of employers who keep their men regularly employed and who have paid 45 weekly contributions during a year and by refunding contributions paid in respect of workmen working short time in times of depressed trade. Higher contributions are levied for casual employment, except that the employment of different persons on different days through a labor exchange may count as the steady employment of one person. Workmen who have paid contributions for 500 weeks are entitled to the return

of all contributions paid, with compound interest at 2½ per cent a year, when they have reached the age of 60.

"The board of trade (the Government department exercising supervision) has power to extend the provisions of the act to trades other than those specified in the original draft, and may, after seven years 'revise the rates of contribution * * * and prescribe different rates of contribution for different insured trades, * * * provided * * * no * * * increase (shall be) more than 1 penny per week.'

"A provision of far-reaching importance empowers the 'insurance officer' to test the skill or knowledge of workmen who are unable to retain employment because of lack of skill and to provide, out of the unemployment fund, 'suitable technical training' for such workmen.

"An 'association' of workmen in an insured trade may make an arrangement with the board of trade by which the union is repaid three-fourths of the amount of benefits paid its unemployed members, provided the total benefits paid exceed the State benefit by one-third.

* "There is also a provision for repayment to the amount of one-sixth of benefit to associations which make payments to unemployed workmen whether in an insured trade or not, provided benefit does not exceed 17 shillings per week. This is to encourage voluntary unemployment insurance in other than insured trades.

"*Workings of the British national insurance act.*—The benefits fixed at 7 shillings per week are, of course, not sufficient for full maintenance, but are intended to prevent destitution. The British supporters of the act advocated it as a much more satisfactory and more dignified form of relief than reliance on the poor law, charitable institutions, or relief works. The practice of placing part of the burden on the employer is defended as equitable, since it is because of the fluctuating demands of the employer that the workers are sometimes in reserve rather than being regularly employed at all seasons.

"Between 2,250,000 and 2,500,000 of workers in the insured trades are covered. Since the war there has been a falling off (in some trades) due to enlistments.

"The following table shows the number of insured workmen in insured trades in July, 1915:

	Number.	Per cent of total.
Building.....	640,947	31.2
Constructi n of works.....	150,974	7.5
Engineering and Iron founding.....	758,063	37.5
Shipbuilding.....	242,963	12.1
Constructi n of vehicles.....	174,275	8.2
Sawmilling.....	9,433	.4
Other insured workpeople.....	42,968	2.1
	2,019,683	100.0

"Benefits are limited to 15 weeks in one year, and not in greater proportion than 1 week of benefit to 5 weeks of contribution, and are not paid for the first week. In the first annual report of operations under the act it was shown that in the study of 130,000 spells of unemployment, 63.1 per cent of unemployment among nonunion men was covered, and 59.3 per cent among union men. The spells of unemployment among nonunion men are longer than among unionists, as shown by the fact that the percentage of nonunion men unemployed but not entitled to benefit because of the 1 week waiting time amounted to 27 per cent, while among union men it was 34 per cent.

"During the 12 months from January 15, 1913, to January 17, 1914, payments were made in respect of unemployment benefits to a total of £497,725 and an average payment of 6 shillings. During that period 1,144,213 claims for benefit were made; 822,689, or 72.1 per cent, were made directly to the board of trade; 321,524, or 27.9 per cent, were made through trade-unions.

"In July, 1913, according to the first annual report, the fund had expended less than was expected and had accumulated a balance of £1,610,000."

Miss Olga S. Halsey, writing of her study of the act in the American Labor Legislation Review for June, 1915, says she was particularly impressed by the degree of cooperation with the trade-unions:

"Up to July, 1914, 105 associations with 539,775 members had entered into these arrangements, * * * and of these the president of the board of trade stated that 21 unions, with a membership of 86,000 had begun to make provisions for unemployment insurance since the passing of the act. Thus compulsory insurance has stimulated voluntary insurance.

"During the first year's operation 172 unions, with a membership of 376,041 in noninsured trades, had made arrangements to gain this subsidy. In each case the union must certify that the unemployment has not been connected with a trade dispute, and allow the Government to audit the books of the unemployment fund.

"The board of trade, in the first annual report, states that the first year's experience proves, among other things, that compulsory State insurance is administratively practical and that it can be introduced without destroying voluntary insurance. In fact, the amount of voluntary unemployment insurance had been enlarged under the operation of compulsory insurance.

"While the three years' experience of the British unemployment insurance act is not sufficient to warrant any final conclusion and the breaking out of the war has disturbed ordinary conditions of employment, it is possible to say that this experience warrants the belief that compulsory unemployment insurance administered along the lines of the British act is practical and possible.

"In October, 1914, the board of trade announced that emergency grants would be made to trade-unions in aid of exceptional expenditures on account of unemployment benefit owing to the war. Because of the improved conditions of employment the board of trade later announced that no emergency benefits would be paid on expenditures incurred after the month of May, 1915.

"So exceptional were conditions of employment that for the first seven months of 1915 the average weekly number of claims made for unemployment benefit equaled only 40 per cent of those made for the corresponding seven months of 1914. The average weekly amount of benefits paid during the first seven months of 1915 equaled only 30 per cent of the average weekly amount of benefits paid the first seven months of 1914.

"These data covered all of 1914 prior to the breaking out of the war. To August 1, 1915, applications for emergency benefit were granted to 185 unions with 284,297 members to the amount of approximately \$410,000."

The English Labor Year Book for 1916, in discussing unemployment insurance, suggests that the British system falls short in the following respects:

"*Far from universal.*—1. The Government's compulsory insurance is very far from being universal—applying, indeed, at present only to one in six of the wage earners and to hardly any women. It can at any time be extended by the Government by mere order to any other trades, provided that the extra expense involved would not, in the opinion of the treasury, entail an increase in the sum contributed by the State of more than 1,000,000 pounds a year within the ensuing three years.

"*Far from adequate.*—2. The Government provision of 7 shillings per week is insufficient for the proper maintenance of the family, and, moreover, there is nothing to save the unemployed man from the deterioration that prolonged unemployment almost inevitably produces. It is suggested that during his periods of unemployment the manual worker should have the option of putting in his time at self-improvement, and that he should be able to attend, free of charge, the trade schools and day technical and other classes that the local education authority should provide.

"*Not sufficiently encouraging to trade-unions.*—3. Many trade-unions in certain industries pay no out-of-work benefit or pay only in certain contingencies, or on a very low scale, or for a very short period. The effect of clause 106 of the insurance act has been in a few cases to cause such benefit to be instituted, but the government subvention of one-sixth of the amount paid in out-of-work pay is far too small to have any widespread influence, and, in addition, the conditions imposed by the board of trade as regards registration at the Labor Exchange, etc., prevent some unions from coming under the clause. In some foreign coun-

tries (Belgium, Norway, Switzerland, etc.) as much as half of their expenditure on out-of-work pay is given to the trade-unions out of public funds."

THE GHENT SYSTEM.

The subvention to union treasuries out of public funds was inaugurated by the municipality of Ghent in 1901. The conditions under which benefits are paid was left to the discretion of the unions, but the public subsidy is added only for a certain length of time, for involuntary unemployment and in a certain proportion to the whole benefit. This allows union officials to administer the scheme, prove the fact of unemployment, collect contributions, pay benefits. With modifications this system has been adopted in something over 100 cities throughout Europe, and by the national Governments of Belgium and France. Norway and Denmark also utilize the same general method. City or national treasuries have added from 50 per cent to 100 per cent to union benefits for a period of 60 days in a year for each unemployed person. The total of this amount is usually paid to the union in lump at the end of the year or quarter.

Here again the very serious limitations are those set by the absence of labor organizations. In the six countries where some form of the Ghent system has been tried, there were in 1912 in the neighborhood of 33,500,000 wage earners. At the very most there were not over 500,000 insured under subsidized schemes. There is still need for a plan whereby far more wage earners, organized and unorganized alike, can have the equivalent of a portion of wages regularly even when there is no work. Only an inclusive scheme affords a real solution.

ADDENDA.

[Prepared by the German Imperial Statistical Bureau, Division of Labor Statistics, Berlin. Translated by the Statistical Bureau, Metropolitan Life Insurance Company.]

PRESENT STATUS OF UNEMPLOYMENT INSURANCE ON THE BASIS OF OFFICIAL SOURCES AND OF REPORTS PREPARED FOR THE GENERAL CONVENTION AT GHENT OF THE INTERNATIONAL ASSOCIATION OF UNEMPLOYMENT.

[Special Supplement to *Reichs-Arbeitsblatt*, No. 12, December, 1913]

Cf. previous memoir, *Die bestehenden Einrichtungen zur Versicherung gegen die Folgen der Arbeitslosigkeit in Deutschland und in Deutschen Reich*, Berlin, 1906; as also, in connection with legislation discussed below, for Denmark: Dr. Zacher, *Die Arbeiterversicherung im Ausland*, No. Ia, p. 30; No. Ib, pp. 49, 47*, 69* ff.; *Reichs-Arbeitsblatt*, 1911, p. 182; 1912, p. 190 ff.; 1913, p. 590. For Norway, cf. Zacher, *ibid.*, No. IIb, pp. 43, 19*, 23* ff.; and *Reichs-Arbeitsblatt*, 1911, p. 276 ff. For Great Britain, cf. Zacher, *ibid.*, No. Va, p. 51; No. Vb pp. 6, 84, 91 ff., and *Reichs-Arbeitsblatt*, 1909, p. 830; 1910 p. 357; 1911, pp. 448, 560, 702, 860; 1912, pp. 55, 140, 160.

EXPLANATORY NOTE.

A number of reports of progress in the field of unemployment insurance have recently been published in the German *Reichs-Arbeitsblatt*.¹ The reports prepared for the general convention at Ghent of the International Association on Unemployment in September, 1913, furnish a new stimulus to issue a statement with regard to the present status of unemployment insurance. In order to facilitate a summary view of the situation, an attempt has been made to arrange the most important information in the comparative tables which follow, on the basis of the résumés of social insurance in Europe.² Use has been

¹ Cf. Supplement to No. 4, April, 1913 (Index for 1903-1912), p. 10.

² Supplement to No. 12, December, 1912, of the *Reichs-Arbeitsblatt*.

made of official publications, as well as of the reports prepared for the meeting at Ghent.¹

Attention has been paid solely to the arrangements made by public bodies (States, Provinces, communities), leaving out of consideration measures for self-help on the part of workmen. The latter will be treated in detail for Germany, and briefly for other countries, in Special No. 8 of the *Reichs-Arbeitsblatt*.² This will appear shortly and will be devoted to the status of unions of employers, workmen, and other employees in 1912. Moreover, we have left out of consideration the philanthropic work of employers, as well as that of funds and societies.

In the arrangement of the tables Germany has been placed at the end of the series.

Interpreting the term "insurance" in its broadest sense, the systems of unemployment insurance which have thus far found application are three in number, as follows:

1. *The system of subsidies paid by public bodies to the unemployment insurance funds of industrial unions.*—This is usually called the "Ghent system," after the city in which it was first applied. It has been introduced more generally than any other. In this connection it is important to determine whether the payment of subsidies is left entirely to the communities or other public bodies, or whether additional sums are given by the State, and, in the latter case, whether these sums are dependent upon the budget or are determined by law.

The system of subsidization is left entirely to the communities (or provinces) in Germany, in Belgium (where its development is oldest and greatest), in Holland, in France (where, besides a number of communities and departments, the State has set aside the sum of 100,000 francs in its budget, which amount has never been fully utilized, as the slight importance of the industrial benefit system is that country does not seem to have been influenced by subsidization), in Luxemburg, and in a number of cantons of Switzerland (in the form of cantonal subsidies).

Legal regulation for the whole country has been instituted in Norway, in Denmark, in Great Britain (besides the compulsory insurance which has been introduced into some industries), and, if we take the Swiss cantons into consideration, in Geneva and in the city of Basel (besides the voluntary unemployment insurance fund). It is noteworthy that, in Norway, Denmark, and Great Britain, the system of labor exchanges has been regulated by law, hand in hand with insurance. (Cf. the Norwegian law of June 12, 1906, the English law of September 20, 1909, the Danish law of April 29, 1913, and the international report to the Ghent conference, September, 1913, printed in the *Reichs-Arbeitsblatt*, 1913, p. 761 ff.)

The results of the Ghent system must in general be designated as slight. Its purpose, "training in self-help," has been fulfilled almost nowhere, either in the sense that the industrial unions have received a greater influx of members because of the subsidies, or in the sense that they have introduced or further developed unemployment benefit. Only this has been attained—the benefits given by these unions have been increased. However, those who have received them constitute a comparatively small portion of the total number of unemployed, even where, as in Denmark, the organization of workmen was far advanced before the introduction of the subsidy system. In Belgium, moreover—in the mother country of the system—comparatively few workmen reap its benefits. It is true that the organization movement has forged ahead in Germany much further than in Belgium or in France, and that unemployment benefit has attained a much greater development there than in other countries. (Cf. Special No. 8, *Reichs-Arbeitsblatt*.) Yet it has thus far been

¹ For Germany, cf. *Der gegenwärtige Stand der Arbeitslosenfürsorge und-Versicherung in Deutschland*, Publications of the German Association on Unemployment, No. 2, prepared by Dr. E. Bernhard. The reports for other countries are at hand in the form of publications of the conference; they will appear in the *Bulletin Trimestriel de l'Association Internationale pour la Lutte contre le Chomage*.

² Cf. *Statistisches Material zur Frage der Arbeitslosigkeit*, prepared by the imperial ministry of the interior (November, 1913), p. 52 ff. For foreign countries, cf. *Statistisches Jahrbuch für das Deutsche Reich*, 1913, p. 16* f.

impossible to determine any effect upon the strength of organization, and upon the development of unemployment insurance, in the cities which have introduced the Ghent system. Furthermore, it can not be denied that conditions are less favorable to success in Germany than anywhere else. While in other countries industrial unions are preponderantly organized on a local basis, the German bodies are invariably strongly centralized. Moreover, their benefit system is, in general, unified and adapted to the entire empire.

The light financial burdens which, according to the tables, are necessitated by the Ghent system (in 9 German cities for which we know at least the amount of the annual grants they add up to only a little more than 40,000 marks) have aided its adoption greatly, but have at the same time contributed to decreasing its efficiency in the campaign against the consequences of unemployment. Hence its ardent champions have become convinced that at least a partially compulsory insurance system should be instituted.

The subsidization of industrial unions is frequently, as in Ghent, associated with the subsidization of savings societies or of individual savers, which, however, has almost universally turned out to be a failure.

We have still to consider the payment of subsidies to voluntary unemployment funds.

2. *The system of state or communal voluntary unemployment funds.*—The best-known funds of this class are those of the city of Berne, of the canton of Basel, and of the city of Cologne (formerly a free society with a considerable municipal subsidy). Recently, on the basis of the modern charters worked out by the Bavarian Government, the cities of Kaiserlautern, Bavaria, and Schwabisch Gmund, Wurttemberg, have associated with the subsidy system the institution of voluntary unemployment insurance funds. However, we have no reports as yet concerning their experience.

In general, the voluntary unemployment funds are hampered by the fact that only a comparatively small number of workmen join them. In the case of almost all of these the danger of unemployment is especially great or lack of work is a regularly recurring phenomenon. The greatest number of voluntary insured belonged to the Cologne fund in its earlier form. Since its modern reconstruction, with increased dues, it has been able to obtain but few members.

Greater success has been experienced by the Cologne fund in its new activity, the reinsurance of industrial unions. This is akin to the Ghent system, but is distinguished from it by requiring payment from the unions in return for subsidization. Furthermore, from the viewpoint of advancing self-help, Cologne has obtained better results than other cities by means of the Ghent system. It has been able to win over four industrial unions to the introduction of unemployment benefits on the basis of reinsurance. It is true that the unions in the building trades, upon which the greatest reliance had been placed, have thus far declined to participate—the free industrial unions for the reason that they are organizations for combat and not for unemployment benefit and the Christian unions because they feel no need.

3. *The system of compulsory insurance.*—Aside from the unfortunate and rapidly abandoned experiment of 1894, in the city of St. Gall, there has never as yet been a system of compulsory insurance for all workmen, nor was there such an institution for particular industries until the enactment of the English national insurance act of 1911. So short a time has elapsed since the enactment of the law, which extends compulsory insurance to about 2,500,000 workmen, and its enforcement was begun in a period so favorable from a commercial point of view, that no final judgment can be given. This fact has been recognized by the convention at Ghent of the International Association on Unemployment, in agreement with the report of the English section.

The plan for compulsory insurance of workers in the watch and clock industry in the Swiss canton of Neuenburg is still in the preparatory phase.

* * * * *

Tables I, II, and III refer to arrangements outside the German Empire. The first treats of the three countries which have legal regulations. The second table contains the data for those countries in which state subsidies are provided for in the budget and for those in which there is no state subsidy (or, in Switzerland, no Federal subsidy). The third is devoted to the two voluntary unemployment insurance funds of Switzerland.

The tables for Germany are so arranged that Table IV concerns subsidies to industrial unions; Table V, subsidies to savers and to savings societies; and

Table VI, public voluntary unemployment insurance funds. Thus some cities occur in two tables; they are those which associate subsidies to industrial unions, with similar payments to individual savers or to voluntary unemployment funds (Berlin-Schöneberg, Stuttgart, Feuerbach, Freiburg i. B., Kaiserlautern, Schwabisch Gmünd). Those cities are not included which give free unemployment benefit, which differs from poor relief only in the fact that it is governed by special legislation and that, according to the local statutes, it is not to be considered as such relief. Where benefits are paid to those who are not included in the subsidy system (particularly the unorganized), this has been especially indicated (Berlin-Schöneberg [food stamps], Erlangen, Mannheim).

Unemployment insurance outside of Germany.

I. COUNTRIES WITH LEGAL REGULATION.

Nature.	Scope.	Form.	Dues.	Benefits.	Appeal.
GREAT BRITAIN.					
(a) Compulsory insurance for: (Law of Dec. 16, 1911, in force beginning July 13, 1912.)	All wage workers (above age 16) in: Building trades. Machine manufacturing. Ship building and wagon building. Iron molding. Sawmill industry.	National unemployment fund, with national system of labor exchanges (Law of Oct. 20, 1909): 1,066 agents. 430 local labor bureaux (2,500 officials). 8 district bureaux (749 officials). 1 central bureau (287 officials).	Regular weekly dues, 5 pence (2½ pence paid by employer, 2½ pence by employee). Furthermore, there is a state subsidy amounting to one-third of the annual receipts from dues.	7 shillings per week (through the labor bureau), from the second to the fifteenth week of unemployment in each year, provided that— (a) The insured has worked at least 26 weeks in the year for the last 3 years in an occupation subject to compulsory insurance; (b) He has not become unemployed through strike or through his own fault; and (c) He does not receive from the labor bureau information of work of equal value. (Persons aged 17-18 receive half benefit; persons below age 17 receive none.)	Appeal may be made, without expense, to: (a) Insurance official; (b) Court of arbitration; and (c) Nonpartisan arbitrator.
(b) Voluntary insurance (Article 106.)	All industrial societies the statutes of which call for unemployment benefit.	July 12, 1913: 275 societies with 1,100,000 members (including 500,000 subject to compulsory insurance).	State subsidy by repayment to the society of a maximum of one-sixth of the annual expenditure for weekly benefit, not in excess of 12 shillings. (The budget of 1913-14 provides for an expenditure of £70,000.) Annual dues, £1,200,000. State subsidy, £160,000. Total income, £2,360,000.	Expenditures: £228,458 for about 400,000 cases (an average of 10 days, with 16 days of unemployment, as almost one-third of the cases were dismissed during the waiting period of one week). Average rate of unemployment: 3.5 per cent (building trades 4 per cent; ship building, 3.1 per cent).	Of 427,902 applications, 37,424 (8.8 per cent) were referred to (a); 2,997 (8.0 per cent) to (b); and 49 cases to (c).
Statistics of compulsory insurance: (July 12, 1913.)	45,200,000 inhabitants; 14,000,000 wage workers.	2,500,000 compulsorily insured (63 per cent skilled laborers), as opposed to about 500,000 formerly voluntarily insured. Unemployment fund: £1,600,000.			

NORWAY.	Voluntary insurance for (laws of June 12, 1906-Dec. 31, 1911, and Aug. 15, 1911- Dec. 31, 1914).	All industrial so- cieties the stat- utes of which call for unem- ployment bene- fit.	<p>"Recognized unemployment funds" in connection with public labor ex- changes (law of June 12, 1906). Requirements for state recognition:</p> <ol style="list-style-type: none"> 1. Administration of fund independent- ently of occupational society. 2. At least half of income of fund must consist of members' dues. 3. Benefits must be so regulated by statute that: <ol style="list-style-type: none"> (a) No benefit is paid in case of un- employment when there is information of suitable work or through the fault of the in- sured (including strikes and lockouts); no double insur- ance or insurance for the first three days of unemployment is permitted. (b) Benefit is not paid until the insured has been a contribu- ting member for 6 months, the maximum being half of the normal daily wage in his occupation, and the maxi- mum period being 90 days per annum; and (c) There will be special assess- ment, or reduction in the rates of benefit, in case of in- sufficient resources. <p>19 funds (17 workmen and 2 em- ployers' funds), with 27,000 members (about 5% per cent of the organized workmen).</p>	<p>Statistics (1912).....</p> <p>2,400,000 inhabi- tants. 400,000 wage- workers.</p>	<p>Dues vary according to the statutes of the fund. According to section 6 of the law, the unemployment fund must admit unorganized members of the occupa- tion (without the necessity of giving them the right to vote); however, their dues may be increased by 10 per cent to 15 per cent in considera- tion of the administrative expenses borne by the occupational society. State subsidy amounting, under the amendment of July 25, 1908, to one- third (previously one-fourth) of the annual expenditures for benefit, with an assessment of two-thirds of this subsidy paid by the community in which the insured resides. No dues are paid by employers, as they are called upon to aid in the support of accident and sickness insurance.</p>	<p>Benefit varies according to the statutes of the fund. However, it is literally limited to Norwegian citizens and to persons who have been resident in Norway for 5 years (Cf. column 3).</p>	<p>Appeal may be made, without expense, to: (a) Executive of fund; and (b) Ministry.</p>	<p>Expenditures: 144,781 kroner to unemployed.</p>
		<p>Members' dues, kroner..... 186,252 Subsidy from state and com- munities, kroner..... 36,309 Total income, kroner..... 222,551 Total capital, kroner..... 337,545</p>						

¹ Under article 105 of the law, trades-unions may take over payment instead of the labor bureau, receiving from the unemployment fund a maximum of three-quarters of their expenditures. (One hundred and five organizations, with 539,775 members, have thus far availed themselves of this clause, including 21 societies, with about 86,000 members--most of them in the building trades--which formerly paid no unemployment benefit.)

² The statistics cover only the first half-year of 1913, as benefit has been paid only since January 15, 1913. It is particularly unjustified to draw general conclusions from the figures for this short period, because economic conditions were extraordinarily satisfactory. (The unemployment rate of the trades unions was only 2.1 per cent in 1913, as opposed to an average of 4.9 per cent for the last ten years.)

Unemployment insurance outside of Germany—Continued.

1. COUNTRIES WITH LEGAL REGULATION—Continued.

Nature.	Scope.	Form.	Dues.	Benefits.	Appeal.
DENMARK. Voluntary Insurance for (law of April 9, 1907, in force be- ginning August 1, 1907).	Workmen's Indus- trial societies the statutes of which call for unem- ployment bene- fit.	<p>"Recognized unemployment funds" in connection with public labor ex- changes (law of April 29, 1913). Requirements for state recognition: 1. Administration of fund independ- ently of industrial society. 2. Occupational or local limitation of fund. 3. At least 30 members; none below age 18 or above age 60. 4. Benefits must be regulated by statute so that: (a) No benefit is paid in case of un- employment when there is information of suitable work or through the fault of the in- sured (including strikes and lockouts); no double insur- ance or insurance for the first three days of unemploy- ment is permitted; (b) Benefit is not paid until the insured has been a contrib- uting member for one year, the maximum being two- thirds of the normal daily wage in the occupation or locality. However, this must not be less than 4 kroner or more than 2 kro- ner, and must not be paid for more than 70 days in the year; and (c) There must be extra dues in case of insufficient funds.</p>	Dues vary according to the statutes of the fund. (In 1912 they varied be- tween 4.50 and 26 kroner, the aver- age being 12 kroner). State subsidy (compulsory), one-third of dues. Community subsidy (voluntary), up to a maximum of one-sixth of dues.	Benefts vary according to the statutes of the fund. (Daily benefit of 4 kroner to 2 kroner for 70 to 160 days, according to length of membership.	Appeal may be made, without expense, to: (a) Executive of fund; (b) Commit- tee; and (c) Minister.

Statistics (1912).....	2,800,000 inhabitants; 500,000 wage-workers.	53 funds, with 111,187 members (60 per cent of these capable of being insured).	<p>Dues, kroners..... 1,300,000 State subsidy, kroners..... 800,000 Community subsidy, kroners..... 400,000</p> <p>Total income, kroners.. 2,500,000 Reserve fund, kroners..... 2,400,000</p> <p>Total income, 1907-1912: 9,600,000 kroners (34 per cent dues, 32 per cent State subsidy, and 14 per cent community subsidy).</p>	<p>Compensation: 1,700,000 kroners. (Average unemployment, 26 days, for about half of which compensation was paid.) Total compensation, 6,500,000 kroners.</p>
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A. *Unemployment insurance outside of Germany—Continued.*II. VOLUNTARY UNEMPLOYMENT INSURANCE BY WORKMEN'S SOCIETIES WITH PUBLIC SUBSIDY BUT WITHOUT LEGAL REGULATION.¹

Scope.	Societies.	Member-ship.	Dues.	Benefits.	Persons unemployed.	Subsidies.		Days of unemployment (with compensation).	Expenses of administration.	Remarks.
						Community.	State.			
LUXEMBURG.										
200,000 inhabitants; 55,000 workmen (1909).	8	800	2,400 fr.	1,800 fr.		Credit of 1,500 fr. each.				Division into thirds according to membership, dues, and benefits.
FRANCE.										
40,000,000 inhabitants; 10,000,000 workmen.										
(a) State (1912).....	114	49,595		209,564 fr. *(393,578 fr.)	8,429		47,542 fr.	102,795		Since the enactment of the finance law of Apr. 22, 1905, the State has granted an annual credit of 100,000 fr. Maximum State subsidy (for benefit up to 2 fr. and 60 days), 20 per cent of benefit for local funds and 30 per cent for occupational funds.
(b) State (1911).....	114	48,089		224,159 fr. *(206,747 fr.)	8,009		50,726 fr.	116,373		
(c) 12 departments (1911).....	209						18,550 fr.			
(d) 51 cities * (1911).....						112,423				
Total, (b)-(d).....						Total, 181,699				
HOLLAND.										
5,900,000 inhabitants; 1,500,000 workmen (1912).	281	29,313		50,191 florins, (92,261 florins, including subsidy).		42,070 fl.	See footnote ⁴			Subsidy of 50-60 cents toward benefit for 50 to 60 days. Also voluntary fund in Dordrecht, as yet without members, not mentioned in Table III below.
BELGIUM.										
7,400,000 inhabitants; 2,100,000 workmen.										
(1,000,000 industrial workers) (1912).										
(a) State.....	Societies supported by communities and other organizations.						24,911 fr.			State and Provinces partially support communal unemployment funds. Besides the five Provinces under b, another Province voted a credit of 2,500 francs, but did not pay it.
(b) 5 Provinces.....							49,830 fr.			

(c) 61 communities.....	401	103,537 in 370 societies rendering report.	290,187 fr.	29,203 *(27,081) 1,569 *(1,569)	134,157 fr.	220,089 *(208,890) 11,797 *(9,145) 481	19,448 fr.	Under (c) subsidies are paid to those receiving aid from industrial unions.
(d) 31 communities.....	31		20,394 fr.		12,546 fr.			
(e) Communities (9).....	See footnote. ¹		481 fr.	22				Under (d) subsidies are paid directly to the industrial unions. Headings (c) and (f) do not include communities giving subsidies to individual savers and savings organizations, which come under (c) and (d).
(f) Communities.....	7 savings societies.		775 fr.	40	383 fr.	522		These figures account for about 252,000 workmen organized in industrial unions.
Total (a)-(f).....	439				147,385 fr. Total, 222,126 fr.			Besides the Cantons specified in the first column, Zurich and Thurgau granted small subsidies to an industrial union fund in 1911. Subsidy of 50 per cent of benefit.
SWITZERLAND.								
3,800,000 inhabitants; 800,000 workmen:								
Canton of St. Gall (law of May 19, 1894)—	8					2,699 fr. 475 fr.		
(1913).....	4							
Canton of Geneva (law of Nov. 6, 1909)—	12					1,933 fr. 2,843 fr.		
(1911).....	10							
Canton of Basel City (law of Dec. 16, 1909)—						3,412 fr. Credit: 2,000 fr. 1,601 fr.		
(1912).....	5							Subsidy of 60 per cent of benefit.
Canton of Appenzell.....	3							
Canton of Appenzell (1912).								Subsidy of 40 to 50 per cent of benefit.
ITALY.								
34,700,000 inhabitants; 10,500,000 workmen:								
(a) 2 cities.....	Savings fund.	795 savers.	About 12,000 liras.	543	Interest on 300,000 liras.	5,977 (1909)		Subsidies are also paid under the Ghent system by a private foundation in Milan (Societa Umanitaria).
(b) 1 city (1910).....								

¹ Not including cantonal legislation.

² Benefits toward which subsidy was paid.

³ Including 21 cities which have passed general legislation with regard to subsidies.

⁴ Bill of Aug. 9, 1907, with regard to State subsidy not disposed of.

⁵ Number of unemployed and number of days of unemployment for which communal subsidy was paid.

⁶ Individual savers.

A. Unemployment insurance outside of Germany—Continued.

III. PUBLIC VOLUNTARY UNEMPLOYMENT FUNDS.

Scope.	Societies.	Member-ship.	Dues.	Benefits.	Number of unemployed.	Subsidies.		Days of unemployment (compensated).	Ex-penses of ad-minis-tration.	Remarks.
						Community.	State.			
SWITZERLAND.										
Canton of Basel City (law of Dec. 16, 1906) (1912).	Unemploy-ment fund.	1,214	9,434 fr.	134,512 fr.	605 + (563)					
City of Berne (1912).....	Unemploy-ment fund.	636	8,773 fr.	19,130 fr.	321	12,000 fr.				
Canton of Berne.....	Unemployment fund for the watch and clock industry in Berne Jura (foundation which has not yet begun activity).						Lottery granted; subsidy of 5,000 fr. under con-sideration.			

¹ Also subsidies from voluntary-aid fund: 420 fr.

² Benefit obtained for 15,407.5 days.

B. Communal unemployment insurance in the German Empire.

IV. SUBSIDIES TO INDUSTRIAL SOCIETIES.

City and year of installation of system.	Requirements for payment of subsidy.			Amount and duration of subsidy.			Industrial societies affected.		Benefits paid.			Community subsidy, in marks.	Remarks.
	Classes of working-men excluded.	Period of residence required.	Waiting period.	In proportion to society benefit.	Maximum per day.	Maximum per year.	Number of societies (local administrations).	Membership.	Number of unemployed receiving benefit.	Number of days for which compensation was paid.	Amount of benefit, in marks.		
PRUSSIA. Berlin-Schöneberg, 1910.	1 year.	Maximum 7 days.	50 per cent.	1 mark..	60 days..	59	.....	620	15,770	.....	12,631	Subsidies are also paid to individual savers; cf. V. There is also noncontributory benefit to the unemployed through food stamps.

BAVARIA.	1912	Unskilled.	3 years	7 days	50 per cent. To be determined monthly.	0.60 m. 0.60 m.	6 weeks.	18	73	1,797	5,000; also subsidy for insurance fund.	1,033	As regards Katerslautern insurance fund, cf. VI.
ERLANGEN, 1909. KATERSLAUTERN, 1913.													
WÜRTTEMBERG.													
Stuttgart, 1912	6 months. Oct. 1, 1912, to Mar. 31, 1913.		1 year.	As in industrial society.	50 per cent. with children, 25 per cent more.	1 m. with children, 1.50 m.	As in industrial society.	44	776	36,568 (incl. savers)	66,022 (incl. withdrawn by savers)	Annual grant, 10,000; 9,746 held out (incl. payments to savers). Annual grant, 1,000 (incl. subsidy to savers). Annual grant, 1,000 (incl. insurance fund).	Stuttgart and Feuerbach: Mutual agreement. For subsidies to savers, cf. V. Schwäbisch Gmünd: As regards insurance fund, cf. VI.
Feuerbach, 1913.			1 year.	As in industrial society.	As in Stuttgart.	As in Stuttgart.	As in industrial society.						
Schwäbisch Gmünd, 1911 (entered into force Mar. 1, 1913).		Occupationally and physically suited for public relief work.	2 years		Unmarried 0.40 m. Married: 0.50-0.80 m.		6 weeks.						
Esslingen, 1913 (entered into force Oct. 15, 1913).			1 year.	As in industrial society.	50 per cent.	1 m.	As in industrial society.						
BADEN.													
Freiburg, B., 1910.	1912	Occupationally and physically suited for public relief work.	1 year.	5 days.	50 per cent.	1 m.	40 days.	10	518	7,227	10,291	1,861	Freiburg: For subsidies to savers, cf. V.
Mannheim, 1913 (entered into force July 1, 1913).			1 year.	As in industrial society.	0.70 m. for each child, 0.10 m. more.	1 m.	60 days.						Mannheim: Noncontributory benefit to unemployed not members of societies.

B. *Communal unemployment insurance in the German Empire—Continued.*
IV. SUBSIDIES TO INDUSTRIAL SOCIETIES—Continued.

City and year of installation of system.	Requirements for payment of subsidy.			Amount and duration of subsidy.			Industrial societies affected.		Benefits paid.			Community subsidy, in marks.	Remarks.
	Classes of working-men excluded.	Period of residence required.	Waiting period.	In proportion to society benefit.	Maximum per day.	Maximum per year.	Number of societies (local administrations).	Membership.	Number of unemployed receiving benefit.	Number of days for which compensation was paid.	Amount of benefit in marks.		
HESEN. Offenbach a. M., 1913.	1 year.	5 days.	Unmarried: 0.50 m. Married: 0.70. For each child, 0.15 m. more.	1.30 m.	75 days.	.....	.....	.....	.....	.....	.....	For subsidies to savers, cf. V.
ALSACE-LORRAINE. Strasbourg, 1907.	1 year.	As in industrial society.	50 per cent	1 m.	As in industrial society.	36	7,444	1,627	27,499	19,951	6,088	Mutual agreement between Strasbourg, Illkirch-Graffenstaden, Schiltigheim, and Bischheim.
Illkirch-Graffenstaden, 1910. Schiltigheim. Bischheim. Mülhausen, 1911. 1902.	1 year.	As in industrial society.	70 per cent families, 80 per cent.	1 m.	As in industrial society.	20	.....	194	2,460	.....	7.50	
Amendments, 1913.	1 year.	As in industrial society.	0.80 m. in families, 1 m.	1 m.	As in industrial society.	.....	.....	.....	.....	.....	2,316	

¹ Number of cases. The number of individuals receiving benefit was 288.
² Only days for which communal subsidy was paid.

³ 93 of this number received aid from the city.
⁴ Only days for which communal benefit was paid.

V. SUBSIDIES TO SAVINGS SOCIETIES AND INDIVIDUALS.

City and year of installation of system.	Year of report.	Requirements for payment of subsidy.		Amount and duration of subsidy.		Recipients of subsidy.		Deposits.		Withdrawals.		Number of days for which contribution was paid.	Community subsidy in marks.	Remarks.
		Classes of working-men excluded.	Period of residence required.	Waiting period.	In proportion to deposit withdrawn.	Maximum per day.	Maximum per year.	Number of depositors.	Amount in marks.	Number of payees.	Amount in marks.			
PRUSSIA. Berlin-Schöneberg, 1910. [WÜRTTEMBERG.]	1912	Females...	1 year.	Maximum, 1 week.	50 per cent.	1 m.....	60 days..	172	.....	56	.....	987	987	Cl. IV
	Stuttgart, 1912. Oct. 1, 1912, to Mar. 31, 1913.	Irregular workers and married female workers.	1 year.	6 days..	50 per cent; with children, draw 5 to 25 per cent more.	1 m. with children, 1.50 marks.	150 days.	22	2	22	See Table IV.	.....	.....	Cl. IV
Feuerbach.....	.....	.....	.....	As in Stuttgart.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BADEN. Freiburg i. B., 1910.	1912	.....	.....	.....	50 per cent.	See footnote 2.	.....	.....	.....	8	.....	133	64.50	.....

* Maximum deposit, 40 marks.

1 Maximum deposit, 100 marks.

B. *Communal unemployment insurance in the German Empire—Continued.*
 VI. PUBLIC VOLUNTARY UNEMPLOYMENT INSURANCE FUNDS.

City and year of introduction of system.	Year of report.	Requirements for payment of subsidy.				Member-ship (risk) classes.	Weekly dues, in pfennigs.		Amount and duration of subsidy.		Number of insured.			Dues in marks.		Benefits in marks.		Remarks.
		Classes of work- ingmen ex- cluded.	Period of resi- dence re- quired.	Waiting period before right to obtain benefit.	Wait- ing period after begin- ning of unem- ploy- ment.		Insured.	Rein- sured.	Amount per day in marks.	Maxi- mum per year in marks.	Indivi- dually in- sured.	Rein- sured socie- ties.	Mem- ber- ship.	Indi- vidualy in- sured.	Socie- ties.	Indi- vidualy in- sured.	Socie- ties.		Com- munity sub- sidy in marks.
PRUSSIA. Cologne, 1896, entirely transformed in 1911.	July 1, 1912, to June 30, 1913.	Work- men with maxi- mum average daily wage of 2.50 m.; home workers.	In- sured 13 weeks; rein- sured, 1 year.	52 weekly pay- ments.	6 days.	3 (I-III)	Schedule A B I 15 20 II 20 3 III 45 60 Higher rates for members above age 60.	4 10 30	Insured: First 20 days 40 days Next 0.75 1.00 Reinsured: 0.75 to 1.50, accord- ing to number of weekly pay- ments made; maximum, 60 times these rates.	Maxi- mum, 189; 38 dropped because of non- pay- ment, re- mainder, 151.	25	11, 105	5, 124	6, 002	23, 798	60, 377	Benefit paid to 14 individ- ually in- sured, 2,121 rein- sured. Compen- sation paid for 473 days of unem- ployment to indi- vidualy insured; for 31,781 days to re- insured.	

BAVARIA.	Kaiserlautern, 1912. (Entered into force April 1, 1913).	Married females.	1 year.	52 weekly payments.	7 days.	4 (I-IV).	Un-married. Initiation fee, 50 pf. II 32 48 III 48 72 IV 60 90	Un-married. Initiation fee, 50 pf. II 32 48 III 48 72 IV 60 90	Un-married; married, 0.80; married, 1.20	60 days	See Table IV.	For subsidies to industrial societies, Cl. IV.
WURTEMBERG.	Schwabach Grund, 1911 (Entered into force April 1, 1912).	Persons occupationally and physically suited for public relief work; married females.	1 year.	52 weekly payments.	7 days.	2 (I-II).	Un-married. Initiation fee, 50 pf. II 30 52	Un-married. Initiation fee, 50 pf. II 30 52	Un-married; married, 0.50; married, 0.75	6 weeks.	See Table IV.	For subsidies to industrial societies, Cl. IV.

Mr. SMITH. You spoke a moment ago of what might be done to get these people that are unemployed to occupy land somewhere. Have you given any thought to whether or not they would be willing to go and how you could get them out of the city, those who have no means to get out or to buy tools? What arrangements do you think could be made to that end?

Miss POYNTZ. My attention was first called to that problem in the work for the immigration commission. I found that great numbers of the newer immigrants were peasants and dissatisfied in the cities, and that they wanted to go out on the land, that they longed to go to the country. That is particularly true of a great many of them that drift into the large cities, like New York, Chicago, and Boston, and so on, because they have no funds with which to settle upon the land. It might be possible to provide funds for this work. That is being tried in several countries in Europe. The establishment of the land-bank system in Ireland has regenerated Irish agriculture. The English Government has expended millions of pounds in the establishment of land banks. It opens the way for the penniless worker to go back to the land.

In H. Demarest Lloyd's book, *Newest England*, there is a description of a similar policy, followed out in New Zealand, where state funds are provided to give opportunity to agricultural workers to settle on the land. They open up roads and build homes on money borrowed from the Government. It is a very successful system, and has greatly reduced the percentage of unemployment.

Mr. SMITH. Do you think the people of the United States would approve of that?

Miss POYNTZ. Our American people are coming to approve of all sorts of things nowadays.

Mr. SMITH. Why not, then, furnish money to establish other industries, such as buying mines, for instance, or quarries, etc.?

Miss POYNTZ. The problem in industries is not to acquire more industries, but to organize the labor market for those already in existence.

Mr. CRISP. It is the same problem as the industries have.

Miss POYNTZ. The problem in agriculture is to drain off the surplus workers from the industrial centers and stop the drift to the cities. The industrial problem is to make employment regular.

Mr. SMITH. There is a great demand for agricultural labor in this country at high wages for such labor as is almost skilled—we might call it skilled labor. Why do not these people accept that sort of labor?

Miss POYNTZ. Because in many cases they know that the work lasts a comparatively short time, and that if they go out they will have to drift back unemployed to the cities.

Mr. SMITH. It is a great problem in the country how to get help to go on the farm?

Mr. BROWNE. I would like, if you have any information upon the law you spoke of to establish land banks in Ireland, to settle up the agricultural parts of Ireland, to have it in the record. Have you any references?

Miss POYNTZ. There is a book on Ireland by an author named Paul-Dubois. I also have other references in my notes, if you wish to have them.

Mr. BROWNE. You might put them in the record.

Miss POYNTZ. And, perhaps, also a description of that legislation. I do not say I am recommending just this sort of legislation, because it is a question as to whether it is desirable; but I think that ought to be studied here in America.

I append herewith a list of books on unemployment, and in addition a somewhat more complete bibliography.

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Miss PONTZ. This item on the Wisconsin report on old-age relief should, if possible, be made part of the general record of the hearing on social insurance.

OLD-AGE RELIEF IN WISCONSIN.

In a pamphlet of 76 pages the Industrial Commission of Wisconsin presents the results of an investigation into the problem of relief for aged persons, the work having been undertaken in compliance with the provisions of a law (ch. 185, acts of 1913), directing such an inquiry. The act prescribes "a thorough and complete investigation of the number, condition, and welfare of the aged and infirm in this State with a view of establishing old-age pensions." It was also directed that such recommendations and bills as the commission should deem necessary to offer should accompany the report.

The commission is a permanent one, charged with the administration of all labor laws of the State, including the workmen's compensation law. The present report was made, therefore, by men who are in direct contact with the great body of wage earners, for whom the question of old-age relief is not to be answered by improved methods of charity, but by what the commission designates "a dignified form of support," in keeping with the character and habits of those who have rendered worthy industrial service, but whose declining years are without adequate provision for their material needs. The report does not claim exhaustiveness, nor does it advocate any existing plan or scheme of old-age pensions, but it offers suggestions favorable to the idea, and submits a rough estimate of the probable cost of such pensions on plans that might prove to be feasible.

The reason for some provisions of the sort is found in five principal causes arising out of modern industrial conditions. In brief these are (1) the great and increasing number of persons dependent upon the returns of their daily labor for the supplying of daily needs; (2) the shortening of the effective working life by reason of the demand in speed in the performance of industrial operation, so that men not in any sense decrepit are none the less unable to secure employment because of the physical necessity of a degree of slowing up; (3) the generally increased longevity of human life, prolonging the unproductive period induced by the second cause; (4) the tendency of home and neighborhood ties to be broken, due to the mobility of our population, so that one may find himself in his declining years isolated from those to whom he might naturally and successfully look for needed assistance; (5) the more humane attitude toward poverty, especially where coupled with age, so that the aged poor are not so readily consigned to the almshouse as formerly. The result of these conditions has been the adoption of systematic measures in most industrial countries other than our own. In Great Britain, Denmark, Australia, and New Zealand State pension systems exist. Belgium, France, Germany, Italy, Spain, and Sweden provide old-age pensions under State management.

In discussing the present means of support for the aged in Wisconsin, seven principal sources are considered: (1) Individual savings characterized as an uneconomic method because by it every person is charged with providing, by a lifetime of effort and often of painful frugality, against a contingency which only a few persons will survive to experience; this uncertainty, and often the impracticability, combines with other causes to render this an inadequate general dependence; (2) private insurance, which has been but little practiced in this country, either by purchasing annuities or through trade-unions or by fraternal organizations; (3) support by children and relatives, which in many cases doubles the burden to be discharged by those undertaking to provide for a growing family, even if there be those in existence who could be called upon for aid; (4) retirement or service pensions provided by employers, which is in practice and of necessity a restricted resource; (5) United States military pensions, which are now paid to some 19,000 residents of Wisconsin—a number which must decrease from year to year; (6) public poor relief, mainly by means of almshouses; and (7) private charity, either through the maintenance of "old people's homes" or more uncertain and transitory agencies.

The inadequacy of these methods to meet the needs of the indigent of the 185,000 inhabitants of the State 60 years of age and upward is so evident as to require little more than their statement to raise the question as to what other measures may be adopted. Four forms of relief are discussed: (1) Voluntary insurance under the supervision and encouragement of the State; (2) compulsory insurance of wageworkers; (3) universal compulsory insurance; and (4) gratuitous pensions.

LAND SETTLEMENT IN NEW ZEALAND.

[Henry D. Lloyd, *Newest England*, 1903.]

Large estates are being bought by the Government in small parts and offered to settlers for lease in perpetuity. The leaseholder can keep his capital and use it in farming. He can not be foreclosed if he borrows money and if he leaves or is unable to pay his loan he is certain to secure the full value of his improvements. The leaseholder is not allowed to borrow on the security of his lease either from a private banker or the Government. Neither can he borrow ordinarily from a private lender on the security of his improvements, but the Treasury, through the Advances to Settlers Office, will make loans on such security.

Cooperative villages have especial recognition in the New Zealand land system. Ordinarily land is distributed among applicants by ballot. People who want to organize a cooperative village do not have to compete with other persons for the land, but apply for a block of land to cover the number of settlers. No one can hold more than 320 acres. This land is held under 999 years' lease. The system of "closer settlements," as the leasing of land in small parcels is called, is a mutual understanding between the people of the State.

The Government secures rent from the land and is interested in the welfare of the settler. It is claimed that the Government is making a profit of 5 per cent on its investment in land. Parts of the profits are used for public works in the vicinity of the public land. As in the case of advances to settlers, the profits enabled the Government to reduce the rates of interest, the profits of the land operations will lead to reductions of rents. The conditions as to residence and improvements are strict and the settlers must comply with them in order to hold the property.

Within the first two years of residence the settler must improve the property equal to 2½ per cent of the value of the land each year, must have the fields fenced, and otherwise take care of the property. The system of crops is also prescribed.—*Land Settlement in Ireland*.¹

The land act of 1903 established a system of land purchase by farmers. The act is optional and the landlords and farmers are left free to agree on the price. The sales are made by estates under the control of commissioners especially appointed to administer the act.

Landowners are paid in cash. The tenants can have advances of capital made to them up to £7,000, which they are to pay off in fixed annuities for a number of years. The act aims to do away with large land holdings and establish peasant proprietorships.

STATEMENT OF HON. CHARLES F. NESBIT, SUPERINTENDENT OF INSURANCE, DISTRICT OF COLUMBIA.

Mr. NESBIT. I have very little to say, gentlemen, in the way of theory about this matter, at this time at least. I only wanted to lay before you a few figures that have come to me in the course of doing the work in the District of Columbia as superintendent of insurance.

We have here about 90,000—something over 90,000—wage-earning negroes, colored people, in Washington, as you know. They form most of the casual labor, not skilled labor, but servants and day laborers and drivers, and such workers as those. Among these people there has grown up a system of insurance against sickness. This has grown up largely in this section, and south of here, in Maryland, Virginia, and the Carolinas, and somewhat in Tennessee. The greatest problem with these people is that when they become sick their pay stops.

To show you how thoroughly they try to insure against sickness in the District of Columbia I will state that in this city they pay \$500,000 in premiums. And out of that all that they get back is \$200,000—approximate figures.

¹ L. Paul-Dubois: *Contemporary Ireland*.

Mr. KEATING. In one year?

Mr. NESBIT. In one year; yes. There are no reserves on these policies.

Mr. SMITH. How much is paid out?

Mr. NESBIT. \$500,000 is paid in.

Mr. SMITH. And they get back how much?

Mr. NESBIT. They get back \$200,000.

Mr. SMITH. By these colored people alone?

Mr. NESBIT. By white people, as well as colored—the poor people of the District. There is a very strenuous effort on the part of the poorly paid people to provide against sickness; but this is a totally inadequate way of providing.

I find that all the other work connected with the insurance department is not so troublesome as taking care of these sick claims. These people come in and claim for one, two, or three weeks' sickness. It is impossible to go to court on a claim like that. It would not pay; and besides, these people could not afford it. It does not pay to spend \$30 to get \$6. It has given me more work, more trouble, in taking care of these claims, than has all the other work connected with the insurance department combined—largely because, I will admit, I permit it, for I feel they are entitled to some consideration.

I have figured this matter out for 10 years, and I find that the sum paid in in 10 years amounts to \$40,000,000, all told, in sick and accident companies doing business in the District.

Mr. KEATING. Isn't that \$4,000,000?

Mr. NESBIT. No. I am taking all the companies doing business here. In Washington alone it has been less than \$4,000,000. I take these figures from their own statement, and do not differentiate between the District and other places.

Gentlemen, here is what we find. Without going into the question of whether these people are as honest as other people or not—I think they are as fair as others—I will say that every time you collect \$100,000 from the poorest citizens of this territory it costs you \$60,000 to collect it, and \$40,000 is all that is paid back. They say it can not be done for less; it costs that much money. That much money is taken away from our people here who are on the verge of going over the brink into the direst poverty. What is the net result? That they get 40 cents back out of a dollar of the hardest kind of earned money they give up.

Mr. SMITH. Who gets the other 60 cents?

Mr. NESBIT. That is for the expenses and profits of these companies. The expenses are high, because the premiums are collected in small amounts of 10, 15, and 25 cents a week. Agents collect it by going around from house to house. We, of course, can not exactly tell these people how they should run their business. You can readily see, however, that it costs a great amount of money to collect money in small amounts like that, when you have to run around through the alleys of the city, sometimes calling three or four times in order to collect 10 cents. That is going to cost money.

But that does not alter the fact that these people have to give up \$1 for every 40 cents they get back. It is a pathetic thing, and I can not tell you how pathetic some of the cases are. I remember a case that came before me the other day, of a colored woman

who came here from out of town, from somewhere in Virginia. Not all these people are in the District, you understand; some of them are out in the country. She came in and claimed \$67 death benefits. The company offered to pay \$30. There was nothing I could do about it; it was a matter of a lawsuit or accepting this compromise. It was a matter which I could not settle. After I had told her what the facts in the case were, this colored woman, who sat there with a flannel cloth about her head, said: "That is about all we ever gets out of anything. I guess we better take it."

It is not good for the people of the community to have to struggle this way and guard against the misfortunes of sickness and death in so inadequate a manner.

I have no charges to make against these people who run these companies. They do not reject one claim out of sixteen. Sixteen claims will be paid out of every seventeen put up to the company. I call that a very clear record, and I find very few cases that come down to me that have merit in them; that is, I find very few meritorious cases that are rejected by the companies. It must be remembered, too, in considering this record, that these companies are dealing with people who are very ignorant, and whom it is very hard to make understand cases of this kind.

However, this is an absolutely inadequate method. It seems to me that some inquiry should be included in this inquiry looking to taking care of this particular problem. That it is a serious problem is indicated by the figures that I have given for the city. When you consider the amount of money that is paid in by a limited part of our population—\$450,000 a year—which is paid in in amounts of 10, 15, and 25 cents a week, you will realize how hard these people are struggling to provide against sickness. All kinds of people come to these companies. There are servants in houses, men working on the roads and streets and all that class of people. When they get sick, everything stops, as their pay stops. That is the terror of life to them. There should be some better way to provide against sickness, or loss on account of sickness, among these people, than a system which exacts 60 cents out of every \$1 that is paid in.

I believe that is all I have to say, but if there are any questions I shall be glad to answer them.

Mr. SMITH. Can there not be some way devised to save that 60 cents out of the \$1?

Mr. NESBIT. It is pretty hard to tell how to do it.

Mr. SMITH. I myself have paid a couple of insurance premiums to-day. If I did not pay them, they would be dropped. Does that fact appeal to them?

Mr. NESBIT. Oh, yes; it appeals to them tremendously.

Mr. SMITH. You take 60 cents out of them to get 40 cents in benefits. It seems to me it would be better to leave the 60 cents with them.

Mr. NESBIT. Let them keep their money?

Mr. SMITH. It seems to me they should be given to understand the purposes of insurance.

Mr. KEATING. The witness is not claiming that the insurance has failed to pay, but that the overhead expense is so high that it absorbs it all.

Mr. SMITH. Oh, the 60 cents is absorbed legitimately enough. But if I do not pay my insurance premium I am cut right off. That was my inquiry, as to whether or not they could not save a larger proportion of this dollar by the introduction of some scientific management, such as the Taylor scientific shop management we have been sitting here and listening to lately, and the stop watch, and all that sort of thing.

Mr. NESBIT. I am not familiar with the Taylor system, I am sure. You have been speaking of attempts to solve similar problems, along with industrial insurance; but I am not talking about industrial insurance, but about the expense incident to handling this class of insurance, where 60 cents is paid out in order to get back 40 cents in benefits. I am speaking of sick benefits solely. It is an expensive business. I can not figure out any way to do it as cheaply as they are doing it. It is a business of infinite detail; and there is another reason that should move us to thinking of social insurance in this connection. There is the question of malingering and fraud, which are on the increase. There is a natural tendency that way. Some doctors, for instance, find that by filling out certificates they can be paid for their visits; and they fill them out. There is a widespread feeling that not all the claims paid are legitimate. A system of social insurance would largely obviate that. You have some authority then; you have some real knowledge of it. It seems to me that this is a matter that should be well considered in this inquiry, along with the question of unemployment. In this matter, the people who have no income and no money when work stops on account of sickness ought to be taken care of in some way; some provision ought to be made for protecting them from sickness. I think that is a very important matter in connection with the social welfare of this country.

Mr. SMITH. Don't you suppose that if the Government undertook to embark in this it would find the same difficulty you are finding?

Mr. NESBIT. No. These people would go and pay and take their insurance. This involves a discussion of inside facts concerning the management of companies, in connection with which I have clearly made up my mind. There are a great many companies. They have a lot of agents. These agents have to be paid to go out and make these collections in the small amounts of 10, 15, and 25 cents a week. That is a very expensive business. Then there is a great deal of competition. This involves agents to go out and sell the insurance. These people with whom they deal are of a rather ignorant class, and the arguments these agents put up to them are very convincing to them. A new company will come in, and its agents will go out to policyholders in other companies and tell them that they are going to give more than the other companies, and so on. There is a constant change going on. This is very expensive. You must expect that where a large number of companies are fighting for business in the same community. If there was one system of insurance all these people could go to the offices and pay their premiums; and there would be very little expense connected with collecting the premiums. People would come into these offices just as they now go to deposit small amounts of money at the post office, in the postal savings department. Another thing in connection with the present system is the cost of collecting the benefits. Each

claim has to be looked into. There are two or three doctors who see a patient. First the patient's own doctor comes and sees him, and signs a certificate, which is sent to the company; the company sends out a doctor to see whether the patient is really sick. The governmental organization would determine whether they were really sick or not.

Mr. LONDON. So there is an element of waste which is the result of competition. Then there is the element of profit when the business is carried on as a commercial business. These two elements would be eliminated by social insurance.

Mr. NESBIT. Very largely.

Mr. LONDON. Is it your experience that malingering and simulation are more frequent as times become bad?

Mr. NESBIT. There are no two ways about that. Malingering claims come in in larger numbers during hard times than they do in good times. The records in my office show that. The weather also has some effect on it. In bad weather they come in, while in good weather they do not come in so much. In the month of March, which is often a very bad month—very wet, very rainy, and very cold—there are a great many claims.

Mr. LONDON. Lack of fuel and lack of proper clothing have the same effect, have they not?

Mr. NESBIT. That enters into it, too.

STATEMENT OF DR. N. I. STONE, STATISTICIAN, 30 CHURCH STREET, NEW YORK CITY.

Mr. STONE. I represent here the New York unemployment committee.

Mr. LONDON. I understand you were the statistician for the tariff board?

Mr. STONE. I was statistician of the late United States tariff board, since abolished.

What experience I have gained on the subject has been 'in my capacity as statistician of the tariff board and in the dress and waist industry in New York City. An organization is maintained by the manufacturers' association and the union for the purpose of studying their problems and assisting in the adjustment of relations between employers and employees. I have made an extensive study of the general problem of unemployment; I will confine myself at this time to one phase of it, namely, the possibility of regularization of employment through a system of public works. By this I do not mean the kind of relief measures that our municipalities are engaged in from time to time, in times of distress, which take the form of giving relief through work at the woodpile or stone-crushing pile, which is more in the nature of charity than regular employment.

What I have in mind is a comprehensive plan, and one to be undertaken, not as a method of charity to the unemployed, but as a measure of self-protection by the Nation—one of those steps of preparedness of which we have heard so much lately. By way of analogy I would like to say a word about the Federal Reserve Board, which I consider the most important step undertaken by the present administration in the work of preparedness. It has, in my opinion, done

more than anything else to put this Nation in a position of strength in its rivalry with other nations, to take advantage of the situation of the extraordinary demand on account of the war.

Perhaps I will get over the ground much more rapidly by reading from a paper which I recently prepared on the subject.

The recent establishment of the Federal Reserve Board marks a great stride in advance in the effort of the Nation to grapple with the evil of industrial and financial depressions. It marks the triumph of social collective control over the former individual helplessness before the disasters of industrial and financial crises which used to strike the individual banker and the individual business man with the inexorable fury of blind elementary force.

While we have thus taken care of the banker, the manufacturer, and the merchant, who apparently do not regard this exercise of government activity in their behalf as paternalism, the workman to whom unemployment invariably means hardship and frequently privation and even starvation, is still left to struggle for himself with such meager assistance from society as relief through soup kitchens, bread lines, and free lodging houses. Emergency relief work is started sporadically, with great difficulty and much lost motion, due to the extraordinary nature of such undertakings and the absence of any organization to meet such emergencies.

No attempt to deal with the problem of unemployment will succeed unless born from the recognition of the permanency and nation-wide scope of this disorder of our body politic. A year ago our troubles were accentuated by the European war. But during the preceding winter the problem of unemployment was no less acute, though the number of sufferers was somewhat less. Apart from the periodic fluctuations of employment in seasonal trades, such as in the garment and building industries, there are deeper causes which produce sporadic disturbances in all industries, causing widespread industrial depression. While much may be accomplished by a systematic campaign for the regulation of employment in various industries and the dovetailing of employment through the distribution of superfluous workers in one industry to industries which can employ them, the extent to which the labor exchanges and industrial training will be able to reduce unemployment by these means will fall far short of the total abolition of unemployment.

No appeal to individual employers to take on additional labor will result in an appreciable increase of employment at a time of industrial depression when the individual business man has all he can do to keep head above water and is forced to dismiss his help in order to weather the storm. Even large employers, such as our large railroad companies, have been forced to lay off their men wholesale as a part of the policy of retrenchment and economy. As an illustration of this, let me mention an incident from personal experience.

About a year ago a committee on unemployment was appointed by the mayor of the city of New York. This committee appealed to the employers of the city to take on additional help in order to relieve the situation. At that time I asked a well-known railroad president, who was a member of that committee, what he was going to do on his railway, whether he was going to take care of a larger number of men there. He said: "It is impossible. We have all we can do to meet expenses." Yet his committee was making a perfectly useless appeal to the business men of the city to do the very thing which his railroad, commanding much greater resources than the average business concern, felt unable to do.

Mr. LONDON. In other words, the employer was called upon to make a sacrifice at a time he was least capable of making it.

Mr. STONE. Yes. [Reading:]

The individual employer or stock company is helpless or at best can meet the situation to but a limited extent, and only society as a whole through the National and State Governments can grapple with this national ill.

The proposed adoption of a comprehensive scheme of unemployment insurance similar to that recently introduced in Great Britain would, no doubt, go far to relieve extreme distress among unemployed workers, though the relief would necessarily be limited to an amount barely adequate to provide mere

necessaries of life. While that would be better than leaving the worker and his family exposed to starvation and dependence upon charity, any system of State unemployment insurance has the disadvantage of being unproductive expenditure of wealth on the part of society which on the one hand maintains the most productive members of the nation in idleness and on the other fails to maintain them and their families in such comfort as they are accustomed to when regularly employed.

No measure can be regarded as an adequate solution of the difficulty which fails to provide productive work for men and women thrown into involuntary idleness and thus help all able-bodied members of society to maintain their accustomed standard of life without their becoming at the same time a charge upon the public treasury or upon the charitably inclined.

This can be provided only by a well-maintained system of public works so organized as to have the elasticity of our newly devised Federal banking reserve, by being capable of quickly absorbing the surplus labor of the country released by the seasonal or sporadic contractions of industry and of contracting when the needs of expanding business call for the reserve army of labor.

The suggestion as to the use of public works as a means of relieving acute unemployment will not appear as something new. We are all familiar with so-called public relief works, which are emergency measures usually gotten up by municipalities to give employment for the purpose of relieving distress. Owing to the suddenness with which such works have to be organized, they rarely, if ever, prove satisfactory. They usually lack the element of usefulness and are looked upon both by the givers and receivers as ill-concealed charity, the compensation doled out to the workers being barely adequate to enable them to keep body and soul together.

What I have in mind is a scheme that would insure the steady employment of labor at remunerative rates of wages and would aim at a comprehensive, nation-wide, permanent, regularly operating elastic system for absorbing and releasing the labor supply of the country in exactly the same manner as the Federal Reserve System has been devised to absorb superfluous idle funds when not required by the industries and commerce of the country, and for supplying adequate funds when so required. The parallel is complete, except that in the former case we deal with forms of wealth which can be conveniently stored in vaults when not needed, while in the latter we must deal with human labor, which can only be stored in the bodies of human beings when maintained in health and which is irretrievably lost to society when these bodies are allowed to deteriorate or perish through privation and want.

Apart from any considerations of humanity and fair play, the present system, or rather lack of system, in allowing the individual worker to shoulder the full weight of the hardships resulting from unemployment is tantamount to destroying a large part of the productive equipment of the Nation which can only be restored in some 15 or 20 years, which is the period necessary to raise a new working member of society. This is apart from the enormous money loss to the community, which can not be measured accurately but which is so huge as to stagger imagination. According to the figures of the Federal census for 1900 there were nearly six and one-half million people unemployed during the year 1899 for periods varying from 1 to 12 months each, representing a loss of wages, figured by the American Association for Labor Legislation at an average of \$10 per week, at a total of about \$1,000,000,000 for that year. This billion dollars had to be covered by the Nation in the form of charitable and public relief as well as out of the savings of the unemployed, and, in so far as not so covered, the deficit resulted in the deterioration or total destruction of the physique of the working people, which was thus entirely lost to the Nation. A part of the wage deficit was covered by crime, with the additional loss to society represented by otherwise unnecessary expenditures on prisons, police, jailers, prosecuting attorneys, judges, etc. Finally, there was the loss of wealth which the idle workers would have produced in return for the billion dollars of wages they failed to earn and which may be estimated at not less than two and one-half billion dollars (on the basis of the census figures, which show an output of two and one-half dollars' worth in new products for every dollar paid in wages).

This estimate does not include losses which can not be estimated in dollars and cents, but which are none the less real, such as the impairment of efficiency and vitality and other conditions already referred to. If all this could be estimated, the loss would be greatly increased. Thus, the havoc wrought by unemployment rivals in magnitude that caused by some of the greatest wars.

But there is this difference: wars are necessarily of brief duration and followed by long periods of peace and recuperation, while unemployment adds its cumulative destructive effect year by year.

Once this condition is realized, no effort will be thought too great, no measure too ambitious which will hold out the promise of an effective cure of this greatest of our economic ills, which carries in its train grave social and political evils.

Mr. LONDON. I understand that statistics of unemployment were gathered in 1910 by the Census Bureau. Do you know anything about that?

Mr. STONE. I do not believe they have been published. Perhaps Mr. Meeker can tell you.

Mr. LONDON. I understand the statistics were gathered but never published.

Mr. MEEKER. That is true. I have been trying to get the Census Office to have them published. They have always given some good reason why they have not published them, but they have given me assurances that they will be eventually published. That is the status of the case, and I suppose it is up to me to put a firecracker under the Census Bureau once more to start them into some activity.

Mr. LONDON. For what period were those figures?

Mr. MEEKER. They were collected as of April, 1910, and they were real unemployment figures, which is not true of any other figures published by the census purporting to be figures of unemployment.

A NATIONAL EMPLOYMENT RESERVE.

Mr. STONE. Bearing in mind what I said before, we should be prepared to consider a comprehensive scheme for a national employment reserve. What could such a reserve do? I will try to indicate a few things for the purpose of illustration.

First let us see what would be done by way of road building. For years the construction of a national highway system has been agitated without appreciable progress being made in this direction. As compared with countries like Germany and France, we have most backward and inadequate highways, comparable in a large part with the miserable rural roads of Russia. The absence of good roads is responsible for the fact that millions of dollars' worth of agricultural produce are left to rot in the fields, because it would cost the farmer more to haul them over the poor roads than he could get for them in the city. The construction of good roads would save the farmers untold millions in wealth and bring within the reach of the city dweller food products which would help reduce the high cost of living. The increased automobile traffic would go to cover a part of the cost of road construction.

Our present system of road building by the States and counties, done mostly on contract, results not only in poor construction at a high cost in a great many instances but also in a lack of a comprehensive system of highways which are built to meet local needs only, and therefore frequently end "ten miles from nowhere." With the equal interest in a comprehensive system of uniformly good roads on the part of the Nation, State, and local community it seems but fair that each be made to bear an equal or whatever may be found to be a justly proportional share of the cost of construction. If the Fed-

eral Government were to adopt a policy of contributing, say, one-third of the cost of highway building on the condition that the State and county concerned contribute their respective thirds and build the highways according to a previously worked out plan, so as to make them fit into a great scheme of national highways, most, if not all, local governments would be sure to avail themselves of the opportunity. The success which marked the digging of the Panama Canal by the National Government warrants the belief that if national road making were placed in charge of Government engineers to be done directly by labor hired by the National or State Government without the corrupting influence or, at best, the legitimate but wholly unnecessary profits of intermediary contractors, that we would get superior roads at a saving in cost as compared with the present system of helter-skelter road building.

The magnitude of this task, the vast area of swamp lands which await drainage to be turned into fertile fields and gardens, the building of works to stop inundations, with their consequent destruction of life and property, by the Mississippi and its tributaries, the harnessing of our water powers and similar enterprises, is a guaranty that the system once adopted would have ample work before it to keep it going for an indefinite period. In turn, good roads and drainage would open up millions of acres of land for the permanent employment of a large agricultural population and cause a demand for the products of industry and commerce giving employment to a multitude of other workers, women as well as men.

The adoption of the scheme would involve the constant maintenance of a small nucleus force of engineers and skilled and unskilled workers, so as to maintain the organization intact and capable of expansion on short notice. It would involve a road-building program extending over a period of several years similar to the building program of the Navy. We have just had a building program submitted by the Navy Department, covering a period of 5 years. The German program extends, I believe, over a period of 10 or 12 years. Under such a plan the Congress would be asked to appropriate annually a minimum amount necessary to maintain the nucleus force and to authorize the President to expend an amount equal to one-third of the total cost of any roads in the United States for which any State (alone or together with its constituent counties) was willing to appropriate the remaining two-thirds. The subvention to States would be made subject to certain conditions which would insure the construction of the roads under Federal supervision and according to Federal standards of workmanship and terms of employment, and as a part of a Federal highway system. In this manner the presence of considerable unemployment in any part of the country would stimulate increased appropriation for public works from the local public treasuries, preference in employment being given to local residents. The Federal authorities would thus have to possess elastic powers to push the work at any time ahead of the regular schedule. In years of great business activity, such as the present, with labor in great demand in private industries the Government would be authorized to slow down the building program.

At a recent hearing before a committee of the British Parliament Prof. Bowley testified to the effect that if 3 to 4 per cent of the annual appropriations for public works had been withheld and laid aside

for a rainy day the amount thus saved would have been sufficient to provide wages for the unemployed in times of commercial depression for the entire decade that preceded the time when this testimony was offered.¹ If this is true of England, there is every reason to believe that that would apply to the United States, where the industrial conditions are practically the same. This is not merely a pipe dream, gentlemen, of a statistician, but is a practical scheme. England is working along the line I have suggested here. They have now a development commission, which has just such powers as I have indicated, namely, to recommend to the treasury the granting or loaning of funds to Government departments, local authorities, or educational institutions for the development of agriculture, forestry, fisheries, and similar undertakings. The road fund board, a part and parcel of the development commission, plans the construction of roads for years ahead.

It has the power to grant or loan funds to any of the local governments for the construction of roads and to stimulate that work in times of industrial depression and to reduce it in times when there is a great demand for labor. Since the outbreak of the war the board has set aside over \$15,000,000 for road making for the purpose of relieving unemployment. That \$15,000,000 looks like a bagatelle beside the cost of the great struggle that is going on in Europe, but is probably all that proved necessary in view of the great demand for labor that sprang up later on. Prussia, following the outbreak of the war, appropriated one and one-half billion marks, or \$375,000,000, to be spent in combating unemployment through the construction of dikes, the draining of swamps, afforestation, road building, etc.

If a single State of the German Empire, like Prussia, could appropriate so large a sum at a time when every resource of the Empire was being strained under the burdens of war, can Congress balk at a small appropriation for the necessary investigation and study of the subject by a commission? In all of our public works, Federal, State, and municipal, we push the construction of new buildings, harbor and river improvements, etc., in times of prosperity, when labor is scarce and when prices of materials are at their highest point. In times of depression, when labor is thrown out of employment and when materials can be purchased at most advantageous prices, our local, State, and National authorities, instead of enlarging their scale of operation, become as panicky as private employers, though without the justification which prompts the latter to curtail their operations, and reduce public works to a minimum. The savings and economies which could be effected from a reversal of this policy would well repay the cost of a commission such as is proposed in the London resolution and would be more than sufficient to pay the interest on bonds which the Government might find necessary to issue in order to enable it to push public works in a time when industrial depression caused a falling off of ordinary revenues.

No doubt a great many difficult problems of organization would have to be solved in working out a scheme of such magnitude. The details of organization, of Federal and State financing, of the adjust-

¹ Evidence of A. L. Bowley before the British Poor Law Commission, Mar. 27, 1907: *Minority Report*, p. 658.

ment of wages and hours, of the distribution and assignment of the unemployed, and many other features will require much thought and study. So did the details of the Federal Reserve System, which, however, were solved as a result of the careful and extended study by a Federal commission created for that purpose.

In recommending to Congress the adoption of Congressman London's resolution your committee would, therefore, follow a well-established precedent which proved so fruitful on another occasion.

Of course, it is a very difficult problem, but there is no reason to think it is insoluble, and this is the very reason why I am heartily in favor of the resolution of Congressman London, because what we want is not so much more legislation as a very careful study of a plan which will look years ahead.

Mr. LONDON. Dr. Rubinow referred to a pamphlet or a book which shows the trend of real wages.

Dr. RUBINOW. I made a study of real wages some years ago, indicating the trend of wages, as expressed in the cost of living from 1890 to 1912, which, for the first time, indicates the real trend of wages.

Mr. LONDON. That being the purchasing value of money wages?

Dr. RUBINOW. Yes. I did not have time to prepare a diagram to present to this committee. One might be prepared to indicate since 1907 the trend of wages, showing that the cost of living has increased in greater ratio than wages, resulting in a less purchasing power for all wages. I have figures here prepared on that subject in a pamphlet which I should like to present to the committee.

Mr. LONDON. What is the size of it?

Dr. RUBINOW. About 15 pages. I think it would be very valuable to the committee.

Mr. LONDON. I suggest that it be put in the record.

Mr. KEATING. Without objection, the gentleman will be permitted to insert the figures referred to.

Mr. SUMNERS. Dr. Rubinow, you spoke of real wages or purchasing value of wages. Now, as wages have increased and each wage earner has to buy the product of the other man's labor, his wages are reduced, as, naturally, he has to pay more for what he gets. Isn't that true?

Dr. RUBINOW. Provisionally, I would say, "yes."

Mr. SUMNERS. The difficulty, as I understand it, is that the difficulties of the wage earners whom you have in mind—their wages have not kept pace with this increased price. That is what you mean, is it?

Dr. RUBINOW. The curves would indicate an upward trend since 1900, and another upward curve for prices. For wages and prices of commodities have not run parallel; but, on the contrary, the curve of prices unfortunately runs upward very much faster than the curve of wages.

Mr. SUMNERS. In what particular part of our industrial and economic machinery has this increase occurred?

Dr. RUBINOW. To answer that categorically would require rather a complicated investigation, but I would be willing to say that it is in the increased income to the land-owning community, which is reflected in the very large increase in land values; and this has resulted in a general increase in prices.

Miss POYNTZ. I want to point out, if I may, that unemployment insurance is not a subsidy to the working people alone. If we look at crises, for instance, we find that the chief cause of them is lack of buying power in the people. If they could buy the product of the factories, the factories would be in a position to produce, and this would give employment to the workers. So, that insurance in times of crises would mean an immense increase in consuming power of the working people. If the subsidies are large enough, it might mean a great mitigation of the losses of the industries, as well as the people themselves.

Mr. SUMNERS. Is the general scheme for raising a fund to take care of the unemployed similar to the plan for raising a fund to take care of the people who are sick? Does the Government pay for the entire fund or do the people?

Miss POYNTZ. The most effective scheme at present is the British scheme, in which the workers, the employers, and the State participate in the contribution. We are not recommending any scheme, any particular scheme.

Mr. SUMNERS. You would not recommend any?

Miss POYNTZ. No; I would not. I am just pointing out the necessity for studying the question.

Mr. KEATING. If the chair might suggest, I think it would be well for one of these witnesses to prepare a short summary of these various schemes of social insurance, stating where they have been in operation, a description of them, and the results obtained.

Mr. LONDON. Very well.

Mr. KEATING. With the consent of the committee, Mr. London will be given leave to extend his remarks in the record in the name of some one of the witnesses.

Mr. LONDON. Thank you.

STATEMENT OF JAMES L. COWLES, PRESIDENT OF THE WORLD POSTAL UNION.

Mr. COWLES. I want to suggest that this world is round, and that in speaking of these seasonal changes, this seasonal proposition, my theory is that when the idea of competition is exploded, we will be rid of these ills. I say that cooperation is the law of human life, and that what we want to do in order to get over these obstacles is to separate ourselves from this idea of competition, and combine our interests and cooperate.

We have the big postal service, covering the entire business and transportation world. That great organization should be used in this matter of cooperation.

Mr. KEATING. I know, Mr. Cowles, that you have given a great deal of study to this question; but I do not think that has any particular bearing on this hearing.

Mr. COWLES. Then, in connection with my friend's work here, I am thoroughly in sympathy with this proposition. I am able to speak of this part of man's work, because I am the representative of the great system of communication by which this cooperation I have urged can be brought about and made most effective. It gives the people an unusual opportunity to exchange services with each other, exchange commodities, and so on.

When this whole world is open, in this way, and cooperating, this proposition of seasonal employment will most assuredly pass off from the face of the earth. There are differences between the various countries of the world—differences of climate, differences of soil, etc. This suggests a way by which this seasonal unemployment can be largely overcome and done away with. There is no such thing, in the broad sense, as competition. What we need is cooperation.

Mr. KEATING. Mr. Cowles, that is not in order now?

Mr. COWLES. In this matter of insurance, in carrying out that idea, the great postal system can be used to great advantage. I simply wanted to express the one great big fact.

Mr. KEATING. We thank you very much.

Mr. LONDON. I would like to have Mr. Meeker make a short statement.

Mr. KEATING. We will be very glad to hear from Mr. Meeker.

STATEMENT OF HON. ROYAL MEEKER, UNITED STATES COMMISSIONER OF LABOR STATISTICS.

Mr. MEEKER. It is growing late and my dinner hour is approaching. I suppose that the rest of the ladies and gentlemen here will want dinner, and certainly the members of the committee have a dinner hour. I will therefore be very brief.

I would like, if it is allowable in this committee, to beg the privilege to extend my remarks to include the furnishing of any information that the committee may desire from the Bureau of Labor Statistics, which the bureau is capable of furnishing. I am very much interested in this whole field of social insurance. I am not ready to commit myself on all points, but I am ready to commit myself absolutely to the resolution introduced by Congressman London.

It seems to me that it is extremely essential that we should appoint a commission for the purpose of studying this thing. We do not have to read the minutes of the last meeting before we pass upon the advisability of providing for such a commission. We do not have to accept as a foregone conclusion that this commission will be socialistic. The commission may even find that socialistic measures are extremely undesirable. On the other hand it may find that some socialistic action is very necessary, as indicated in Mr. Nesbit's remarks. While he was talking, it was all I could do to keep from jumping up and interpolating some statements there. The gentleman from Michigan (Mr. Smith) could have been answered completely. The matter of the provision against illness can not be handled cheaply by private insurance companies. It could be handled cheaply as a social insurance proposition. If the State handles it, the item of expense for collection of payments is wiped out at once by means of stamp books, of the kind that are used in every country on the Continent of Europe.

That is all I have to say. I shall be glad to answer any questions that gentlemen of the committee may care to ask me.

Mr. KEATING. I presume your bureau has issued a number of documents on this subject, hasn't it?

Mr. MEEKER. It has, yes, sir; and some of them of course do not bear directly upon the subject; that is, the titles of the bulletins

would not indicate that they had matter in them that relates to the subject.

Mr. KEATING. What I think Members of Congress will want in this hearing is to learn what has been done in other countries; the extent to which this has been carried out, etc., in such form that a man can go over it in a night or two and get a basis for his further studies.

Mr. MEEKER. I may say, Mr. Chairman, that I have appeared before this committee before, and I have already prepared a statement that was included in the published hearings on the establishment of a Federal bureau of employment. In that statement a good many of the points touched upon to-day were covered. It deals, among other things, with the working of the employment offices in Great Britain, and the unemployment insurance as it exists in the cities of Germany, etc. I shall set a force at work upon the subject and compile any additional information obtainable which may be of use to the committee.

I have suggested to Congressman London the advisability of his calling for the preparation of a statement by the Bureau of Labor Statistics, giving the operation in Great Britain of the unemployment insurance act. Information on that subject is very fragmentary and very widely scattered. So far as I am aware, no thoroughgoing discussion has been given since the article written by Mr. W. H. Beveridge, who may be said, in a way, to have invented the whole system in Great Britain. That was in May, 1913, and it takes in only about four months of the operation of the law; but I think by due diligence and industry we can get information of later date. Of course you would have to bear in mind this, that conditions in Great Britain have been extremely abnormal. The unemployment insurance law in Great Britain has never been subjected to a fair test, because unemployment has dwindled to the vanishing point during 1915.

Mr. LONDON. I understand that in that act they adopt a system that is a great money saver and time saver, namely, the using of stamps to make the collections?

Mr. MEEKER. Yes, sir. The stamps are purchased by the employer and attached to the stamp books by him as soon as the employee takes employment. That obviates the necessity of sending out any agents to make collections. That applies to Great Britain and Germany and everywhere else where social insurance against unemployment and illness prevails. Everybody is covered, and it is much cheaper. Under private insurance those who need insurance most don't get it at all. Only those who are least in need can afford to purchase protection at the competitive commercial rates charged by private companies. I can not understand why anybody should take a position in opposition to social insurance; but I am afraid I am committing myself.

Mr. SUMNERS. What is the method of determining when an individual is entitled to benefit of unemployment insurance?

Mr. MEEKER. I suppose that varies. Usually it is a perfectly determinable thing.

Mr. SUMNERS. I know it is; but I thought you might very briefly tell us about it.

Mr. MEEKER. It presents certain difficulties, but no insuperable difficulties. I shall answer your question in detail in my revised remarks. [See Exhibit A, the division on benefits.]

Mr. SUMNERS. I understand that.

Mr. LONDON. In Great Britain they cooperate with the trade-unions, and the theory of it is that the officers of the union are best qualified to pass upon the question of whether a man is malingering or is really out of a job.

Mr. MEEKER. They also cooperate with employment offices. Unemployment insurance is perfectly unthinkable without the establishment of employment offices.

Mr. LONDON. And without making use of the unions.

Mr. MEEKER. I would not say it is unworkable without the cooperation of the unions; but it certainly works very much better with the unions.

Mr. BROWNE. I would like to elucidate that question of Mr. Sumners, as to how they determine when a man is entitled to receive this insurance. If a person is purposely unemployed and don't want to work, he would not receive it. How would you determine whether he was qualified to receive this insurance or not?

Mr. MEEKER. Will you allow me to answer that question after I have had an opportunity to examine the sources of information, because I do not want to put a partial answer into the record? I think, if I remember correctly—and probably there are others here who can correct me if I am wrong—that the law covers that point; that anybody who refuses work perforce is not entitled to insurance. [See Exhibit A, where the matter of those entitled to benefit is treated in full.]

Mr. LONDON. And the system enables the Government to know whether there is work in the particular line in which the man works. Isn't that so?

Mr. MEEKER. Yes; and the man is sent from one employment office to another to find work, getting his lodging on the way.

Mr. LONDON. If he can not obtain a job for wages which are up to the ordinary standard prevailing in the trade, he is entitled to insurance, isn't he?

Mr. MEEKER. Yes, sir.

Mr. BROWNE. Would the Government finally determine whether he had a right to this insurance or not?

Mr. MEEKER. I am afraid I can not answer that completely, but the employment offices and in some cases the trades-unions would furnish information as to whether the man was willfully or involuntarily unemployed. They would furnish information also as to wage rates in the different localities, so it could be ascertained whether the man had received a bona fide offer of employment and refused it. [See Exhibit A.]

Mr. SUMNERS. Does the amount a man has been contributing to the general fund determine the extent of the compensation he receives during the period of unemployment?

Mr. MEEKER. No, sir; it does not affect the amount received per week of unemployment, but no man can receive more than one week of benefit for every five weekly contributions made by him.

Mr. KEATING. I think the standard is seven shillings in England, isn't it?

Mr. MEEKER. Yes, sir.

Mr. LONDON. That is a very low standard, as compared with conditions in America.

Mr. MEEKER. That is just seven shillings more than nothing.

Mr. LONDON. But we are not bound to accept that low standard here.

Mr. SUMNERS. After this commission is created and an examination made into this matter, I would ask this question, in view of what has been said with reference to organizations in countries of Europe: Is it your judgment that the economic, industrial, and social conditions in this country and in the countries mentioned are sufficiently similar to justify this country in following their lead, with reference to the plan of this country relative to insurance?

Mr. MEEKER. I think the economic, social and political, and other conditions in this country are such as to justify the United States Congress or any other authoritative body in following the lead of a commission that has done its work faithfully and found its facts and made its recommendations of policy with respect to the facts, no matter where those recommendations may lead, whether toward or away from social insurance.

The statement has been made by one of the previous speakers—calling attention to the immense difference in social organization, political organization, and economic and industrial achievement in the various countries of Europe, and yet in spite of these differences all of these countries have some form of social insurance national in character, while the only thing that can be pointed to in this country as even approaching national social insurance is that pitifully inadequate and ineffective law, the Federal workmen's compensation law.

In a previous hearing before this committee, I called attention to the fact that, so far as unemployment is concerned, conditions are very much worse in this country than in other countries—than in Europe. There is no country in the world where unemployment exists to a greater degree than in this country. We do not know the percentage, but we do know from the very inadequate investigations that have been made, and from general observation, that there is a much higher percentage of unemployment in this country than there is in Europe.

Mr. SUMNERS. I would like to know whether the European system, in your judgment, would be applicable without very material change to American conditions, or whether or not an American commission undertaking to ascertain what would be needed for our country should undertake to diagnose the situation in America rather than to go to Europe, where the conditions are different from those in this country?

Mr. MEEKER. Am I to understand that you are asking whether the commission should be sent to Europe or should be set to work here at home?

Mr. SUMNERS. No, sir; I was just trying to find out, as a guide.

Mr. MEEKER. I think the committee should study American conditions, as it undoubtedly will; and I think that it will find that American conditions are not so entirely dissimilar from those existing in Great Britain and Germany; but that is for the commission to find out.

Mr. SMITH. To what do you attribute the unemployment in this country being in excess of unemployment in other countries, according to population?

Mr. MEEKER. As I have indicated in a previous hearing that you have evidently forgotten about, the necessity for developing a crude, backward country, with enormous resources, but with insufficient capital and insufficient labor force; as a consequence, the necessarily speculative character of our industry.

Mr. SUMNERS. Don't you think the fact that we have to absorb 500,000 people on the shores of America has had something to do with the problem of unemployment?

Mr. MEEKER. Undoubtedly.

Mr. SUMNERS. They all come in here without a job.

Mr. MEEKER. The immigration policy or lack of policy is undoubtedly partly responsible for the higher degree of unemployment in this country.

Mr. LONDON. A change of tariff will bring about a temporary increase of unemployment, too. A change in the tariff will bring about temporary unemployment, won't it?

Mr. MEEKER. Yes, sir.

Mr. LONDON. The unstable character of industry is responsible for a certain amount of unemployment, isn't it?

Mr. MEEKER. Certainly.

Mr. LONDON. And new methods of efficiency will cause temporary unemployment, too.

Mr. MEEKER. Yes, sir. Even the economists finally admit that the introduction of new machinery does displace labor. I am an economist.

Mr. LONDON. A strike and lockout will, of course, cause temporary unemployment.

Mr. MEEKER. Whether that should be denominated unemployment is very doubtful.

Mr. LONDON. A strike which is brought about through the attempt of an employer to reduce wages can surely be classed under involuntary unemployment.

Mr. MEEKER. It would have some of the aspects of it. The workmen certainly aren't working.

Mr. LONDON. Every lockout would certainly be.

Mr. MEEKER. Surely; but it is hard to tell a lockout from a strike.

Mr. LONDON. Then the movements of labor due to harvest conditions also cause temporary shifting of labor, and then crises, whether financial or commercial, intensify the state of unemployment.

Mr. MEEKER. I do not think there is any difference between crises. I think a financial and an industrial crises are different names for the same thing. There is only one kind of crisis.

Mr. LONDON. Industries, under normal or abnormal conditions, show a large percentage of workers out of employment, do they not?

Mr. MEEKER. Yes, sir.

Mr. LONDON. That is an ever-present condition.

Mr. MEEKER. Yes.

Mr. GOMPERS. May I make a statement, Mr. Chairman?

Mr. KEATING. Certainly.

STATEMENT OF MR. SAMUEL GOMPERS, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR.

Mr. GOMPERS. I am not here representing myself alone. I am not representing my own views alone, although I would not represent any

views that were not consistent with my own. If the great rank and file of the organized labor movement of America should express views or should make a declaration inconsistent with my own convictions, I should lay aside the responsibilities and representative position that I occupy and permit the rank and file to choose one who could and would express the views entertained by them; but, acting as I do, believing as I do, and being the executive officer of the organized labor movement of America and acting in a representative capacity, I should like to know and hear the exact position taken by Mr. London in the various preambles and resolutions he has introduced. At some convenient time, if the committee is agreeable, after Mr. London has presented his position, I would be very glad to state what I believe to be the position of the organized labor movement of America.

I can say now that when that opportunity is afforded me, I shall decidedly dissent from many of the expressions that have been uttered before this committee to-day.

(Whereupon, at 5.40 p. m., an adjournment was taken until Tuesday, April 11, 1916, at 10 o'clock a. m.)

SUBCOMMITTEE OF THE COMMITTEE ON LABOR,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 11, 1916.

The committee this day met, Hon. Edward Keating presiding.

Mr. KEATING. The committee will come to order. The committee has met this morning to resume its hearings on House joint resolution No. 159, which was introduced by Mr. London, for the appointment of a commission to prepare and recommend a plan for the establishment of a national insurance fund and for the mitigation of the evil of unemployment.

Mr. LONDON. I will say that I expected Mr. Frank P. Walsh to appear here this morning, but it seems impossible for him to be here. I would like to ask whether Mr. Gompers expects to make a statement now. I have practically closed my side of the hearing.

Mr. KEATING. Mr. Gompers, do you desire to make a statement at this time?

Mr. GOMPERS. Yes, Mr. Chairman.

**STATEMENT OF MR. SAMUEL GOMPERS, PRESIDENT OF THE
AMERICAN FEDERATION OF LABOR.**

Mr. GOMPERS. Mr. Chairman and gentlemen, ever since the inception of the trade-union movement, both in the United States and in every other civilized country on the face of the globe, these trade-unions have concerned themselves with some form of social insurance. As a matter of fact, the guilds of old had three primary purposes: First, the pride of trade; second, the right of domicile and assistance for journeymen; and, third, what is known as benevolent assistance. After the evolution from the guild to the trade-unions the trade-unions had no legal standing before the courts or the government. They started with a movement to secure or to provide for the membership of these early trade-unions benefits in case of sickness and

unemployment. It is due to the last fact that many early trade-unions were known as benevolent societies, coming under the British act of "Friendly societies." It was later in the history of the trade-unions that they assumed the position of protecting the interests of the membership by providing for benefits in cases of strikes or lock-outs, etc., commonly known under the term "trades disputes."

As to what these trade-unions have done in the form of social insurance, I shall be in a position to give only a very brief and meager résumé when I reach that point.

Addressing myself first to the resolution under consideration, I should say that if its purpose were an investigation into the subject of social insurance, I should find myself in absolute accord with it. Inasmuch as it is not primarily a resolution for an investigation of social insurance, but rather the enunciation of certain claims, statements, and plans, nearly all of them contradictory to each other, and inasmuch as it undertakes to commit the commission which the resolution proposes to create to a species of speculative theories, I say that although favoring and earnestly trusting that the Committee on Labor of the House of Representatives will report favorably to the House, and that the Congress will adopt some measure for an investigation of the subject of social insurance, I am decidedly opposed to the resolution as introduced by Mr. London. Yesterday afternoon was the first time I was able to get away from my other work and duties to devote a little time to the making of memoranda upon which I desire to base my statement to this committee to-day. During the course of yesterday afternoon I dictated and had written out a proposed bill, which I shall, with your consent, read to the committee, and which I trust may be accepted by the committee as a substitute for the resolution offered by Mr. London. It reads as follows:

A BILL To create a commission to inquire into the subject of unemployment, of disability and of sickness of wage earners of the United States, and to what extent the Government of the United States can aid, financially and otherwise, in the mitigation thereof by voluntary social insurance.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created, to be known and called the Commission on Social Insurance. Said commission shall be composed of five persons, to be appointed by the President of the United States, by and with the advice and consent of the Senate, two of whom shall be employers of labor and two of whom shall be representatives of organized labor, the Secretary of Labor to be the fifth member of the commission and chairman thereof. It shall be within the power of the Secretary of Labor to select a representative of the Department of Labor to act in his stead in any hearing or investigation in which the Secretary himself may be unable to participate, and said representative shall have full power to act in the name of the Secretary of Labor, but the position of the Secretary of Labor, as the fifth member and as chairman of the commission, shall in no wise be impaired, and in the report, findings, and recommendations of the commission he, his name and title shall be appended to the report.

SECTION 1. It shall be the duty of the commission to inquire into the causes of unemployment, such as the character of existing seasonal industries, the changes in methods and processes of production, disability, invalidity, and sickness, and what the Government of the United States can do to alleviate these conditions; to inquire into the subject of systems of insurance now in vogue to meet unemployment, invalidity, and sickness, and to what extent the Government of the United States may aid in the establishment of a Federal insurance system of which the wage earners of the United States may avail themselves. The commission shall also inquire into the subject of the establishment by the several States of financial and other aid for a voluntary system of insurance against unemployment, invalidity, and sickness of wage earners within the States.

SEC. 2. The members of this commission shall receive a compensation of \$15 per diem during the life of the commission, and shall be paid actual traveling and other necessary expenses while going to or returning from any place which the requirements of their duties shall direct them.

SEC. 3. The commission is authorized, as a whole or by subcommittees of the commission duly appointed, to hold sittings and public hearings anywhere in the United States; to send for persons and papers; to administer oaths; to summon and compel the attendance of witnesses and to compel testimony; to employ such secretaries, experts, stenographers, and other assistants as shall be necessary to carry out the purposes for which said commission is created; and to rent such offices, to purchase such stationery and other supplies, and to have such printing and binding done as may be necessary to carry out the purposes for which the commission is created; and to authorize its members or its employees to travel in or outside the United States on the business of the commission.

SEC. 4. The commission shall also prepare and report upon the following:

1. Shall the Government of the United States create a fund to contribute toward insurance against (a) unemployment, (b) invalidity, (c) sickness.

2. If the commission shall recommend that such a fund shall be instituted by the Government of the United States, the amount of said fund to meet the obligations to carry out the plan recommended.

3. The commission shall also inquire into and report the regulations that would be necessary in the successful administration of such unemployment, invalidity, and sickness insurance, if established, and what rights the wage earners now have which must be minimized or regulated in order to be entitled to the benefits of the insurance.

SEC. 5. It shall be the duty of the commission to submit and to report through the President of the United States to Congress such recommendations for the relief of unemployment by the voluntary regulation of industry both by employers and wage earners; by the employment of workers in the reclamation of arid lands, reforestation, and the utilization of the natural resources contained in the public lands of the United States, on the work connected with the prevention of floods and inundations, the reclamation of swamp lands, the building of public roads, canals, and similar public undertakings.

SEC. 6. The commission shall report to the President of the United States and through him to Congress its findings and recommendations not later than two years from the date of the appointment of this commission. At the expiration of two years from the appointment of this commission this act shall cease to exist and the life, power, and authority of the commission cease with it, unless the Congress of the United States shall extend this act and the life of the commission beyond the terms herein set forth.

SEC. 7. That the sum of \$100,000 is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, for the use of the commission for the period of two years from the date of the appointment of the commission: *Provided*, That no portion of this money shall be paid except upon the order of said commission, signed by the chairman thereof: *Provided*, That the commission shall expend not to exceed \$5,000 per annum for the employment of experts at such rate of compensation as may be fixed by the commission but no other person employed hereunder by the commission, except as stenographers temporarily employed for the purpose of taking testimony, shall be paid compensation at a rate in excess of \$3,000 per annum.

SEC. 8. That all acts or parts of acts inconsistent with the provisions of this act be and they are hereby repealed.

Because of what I have already said and because of the tentative bill which I have suggested to the committee as a substitute for the London resolution, I think it is not necessary for me to add many words to the one bare convincing statement that I am earnestly in favor of an investigation of the subject of social insurance. To inquire into a subject is one thing, but to commit the American Government, and particularly a committee of wage earners of this country, to declarations such as are contained in the London resolution, in its preambles and provisions, is quite another thing.

I doubt if there is any question with which the Government of the United States could concern itself with greater advantage than

to ascertain the facts and to learn what exists, what can be done, what should be done, and what should not be done.

Perhaps, if Mr. London's joint resolution was before this committee and its adoption urged as a matter of investigation, I might have appeared before you and asked the indulgence of this committee to suggest changes in the resolution, and without further ado try to prevail upon the committee to report the resolution with suggested changes and amendments, for the favorable consideration of Congress. But, sirs, on last Thursday, in this committee room there was enacted a drama or a farce of such a tragical or ludicrous character that I can not permit myself to remain silent or to let the matter go without protest.

It may be interesting for the committee to know that just prior to the opening of this hearing last Thursday the author of the resolution, Mr. London, came to me and asked what I thought of the resolution. My answer was substantially that the question might have been asked me with a great deal more propriety before the resolution was introduced rather than after its introduction; that what opinion I had of the resolution would depend upon what was brought out before the committee, and that I preferred to tell the committee my opinion.

Mr. London is a Representative in Congress from one of the districts of New York. I counted it a duty, as well as the right thing to do, to give some little support to the candidacy of Mr. London for congressional honors.

MR. LONDON. For congressional work, Mr. Gompers.

MR. GOMPERS. It all depends upon the point of view. I am willing to say that I was in hopes that it would be for service in the interest of the rights, the welfare, the justice, and the freedom of the great wage-earning masses of America. I found that there was not one trade-unionist who was invited to participate in this hearing—not one. Were it not either for my coming upon this resolution by pure accident or my having been informed through the alertness of the legislative committee of the American Federation of Labor that this bill was introduced, I would not have known of it at all.

One after the other the author of the resolution, Mr. London, called the names of professors, insurance actuaries, research workers, and commissioners, and each in turn gave his or her judgment of the bugs that they had studied microscopically. Everyone seemed to know his part and to speak his lines and everyone seemed to know the lines of the other members of the theatrical or farcical production.

Speaking with all due respect of the high ideals, the noble purposes, and the altruism of the witnesses, there was presented to this committee a production which, in the slang of the theatrical profession, would be called the work of "scientific hamfatters."

I have heard time and again and have read time and again of the declarations of socialists here and there who have made pronouncements on a par with those made by Dr. Rubinow at the meeting here last Thursday, but not in 20 years have I heard any man who held the credentials of the Socialist Party of America or of the Socialist Party of any other country on the face of the globe make the declarations, in his official representative capacity, that Dr. Rubinow made at the meeting last week. If Dr. Rubinow had represented himself only, I should be content to leave the matter as he presented it, unanswered

and unchallenged, because on sober second thought all the people would understand that the conditions of life carry with them a refutation of Dr. Rubinow's statement.

I have not the record before me and which I think is unavailable at the present time, so I shall have to depend entirely upon my memory; but I think that, apart from possible verbal inaccuracy, I can repeat in substance what Dr. Rubinow said. He said that in the last 12 years the cost of living, the cost of the necessities of life, has increased by 15 per cent greater than the increase in wages, and that despite trades-union activities the net result is that the condition of the working people to-day is worse than it was 10 or 12 years ago. If I have incorrectly quoted Dr. Rubinow in any essential, I stand ready to be corrected. Dr. Rubinow is present, and after waiting about a minute—

Dr. RUBINOW. I did not assume I have any right to interrupt you in the course of your remarks.

Mr. KEATING. It will not be in order for the doctor to interrupt at this time. Under the procedure adopted by the committee, witnesses are not to be interrupted until they have finished their remarks.

Mr. GOMPERS. I yield to anything that the committee may decide in that respect. I asked the question whether I have correctly or incorrectly quoted Dr. Rubinow. I simply wanted to know whether I had quoted him correctly in regard to the essential points, for upon the essential accuracy of the quotation will depend very largely what I shall have to say.

First, let me call attention to the fact that these are not facts. They simply have their basis in a peculiar and speculative theory called by the possessors philosophy, but which might better be termed sophistry. From the viewpoint of these superspeculative theorists, when facts do not conform to the theory it is much the worse for the facts.

In the New Review magazine of November 15, 1915, only about four or five months ago, there appeared an article written by Dr. Rubinow, under the caption, "A Socialist remedy for unemployment." In that article he said: "Twelve years ago, when I began to preach social insurance, I was a man with a new idea in this country." Then follow some stars showing the omission of matter that does not pertain to what I desire to submit to you, and the article goes on:

After all, social ills and bodily ills have only one true remedy, although it is not always known in time, and if we Socialists are at all right, these remedies must be in line with our philosophy.

In other words, the Socialists, or the professoriat of the Socialist Party, start out with a theory and then proceed to distort facts in order to try to prove it.

It is not uninteresting to note this fact, that there appeared in the New York Call of November, 1913, one of the official journals of the Socialist Party, this statement by Dr. Rubinow: "The theory of increasing misery has been gradually abandoned by the Socialist movement."

Of course, it is not necessary at all for a man to be consistent in order to be intelligent, but it does seem that when a professor, a doctor, a philosopher, undertakes to set down a dictum, that dictum can not be right in one article and wrong in another; it can not

be one way to-day and another way the following day. The fact of the matter is that that which Dr. Rubinow, as a representative of the Socialist Party, has set forth has been abandoned by every intelligent Socialist in the whole civilized world.

You will notice that Dr. Rubinow, in the extract which I have read from his New Review article of November 15, 1915, said that 12 years ago, when he began to preach social insurance, he was a man with a new idea in this country.

Before Mr. London leaves, I want to say something about him. You will recall that, in an aside, the author of this resolution, Mr. London, said at the last meeting, in regard to the resolution, that it was a wise man who introduced it.

MR. LONDON. That is not a part of the record, Mr. Gompers.

MR. GOMPERS. Mr. London may make remarks which were intended to be in the record but which, when they were resented later, he found convenient not to put into the record. Now, I propose to put them into the record in my time. The fact of the matter is this: You can not say one thing in a public meeting in my presence and then allow it to escape from the official record.

MR. LONDON. All right, then. I insist that I am a wise man. Let it go into the record.

MR. GOMPERS. It appears that when Dr. Rubinow mentions his own name or Mr. London refers to himself, they always take off their hats as a matter of reverence and respect for themselves.

In the last 12 years the conditions of the working people in the matter of wages, hours, conditions of employment, safety while at work—in fact, all conditions that make for a better life—have improved more than they have during any other period or among any other people in the history of the world. I say this despite the spirit of disappointment I feel because of the seemingly slow progress made. There is just resentment against conditions that deny to the workers the best possible opportunities of work and life, and out of that spirit of resentment there is a movement of men and women who are pressing home upon employers and society the greater rights and the greater opportunities to which the toilers of America are entitled. But because of this impatient and resentful spirit of trades unionists, I can not permit to go unchallenged the attempt that has been made in the name of the Socialist Party of America to aim a death blow at the trades-union movement. That, after all, is the main purpose of the whole seance of last Thursday.

If, through the trade-unions of America and their activities, as well as to the activities of the rank and file of these organizations, there has come this alleged condition of deterioration, as the result of 12 years' hard work, of sacrifice, of struggle, of hunger, and of heroism, then this movement has been a failure. If men and women and children have gone hungry in furtherance of their rights and their interests; if men have challenged the courts at the peril of their liberties; if men, mistaken as they have been at times, have taken human life, as they did in California; if men have undertaken foolishly, mistakenly, but seriously and heroically, from their point of view, to do what they could in furtherance of what they believe to be trade-union activities, to protect and promote the rights and interests of labor, and it all has resulted in a deteriorating condition during that period of time, then the movement is a failure.

I say again, then the movement is a failure, and the life of more than 50 years which I have given to the labor movement and to the trade-union movement in order to help my fellows organize and to press upon employers and upon society the rights to which they are entitled, has been misspent; and the American Federation of Labor, in existence for 36 years, has done worse than waste its time.

The organization of trade-unions extending over more than three-quarters of a century has been in vain, and the organization of the railway men has been a failure, if the statement of Dr. Rubinow is true.

It is not true; it does not need a professor or a doctor to show that it is not true. Go to the homes of the workers; go to the men and women who work, not only with their heads but with their hands, and ask them as to these conditions; ask them whether they are 15 per cent worse off now than they were 10 or 12 years ago, or 20 years ago, or 30 years ago. They will answer you not in well-rounded sentences, perhaps, but they will know. They will know.

The truth is that due to present abnormal conditions prices have risen, and are now abnormally high. You can not use this last year as a criterion, because everything has been disarranged; the international commerce of the world has been disarranged and disorganized. At this moment comparisons are not fair either to one side or the other of any controversy. Disregarding this period of disorganization, the prices of the essentials have gone downward since 1870. The fact of the matter is that we have so far enlarged our conception of what we call the necessities of life during the past 30 years that there is no way to compare the standard of life of the worker of the past with the life of the worker of to-day. Hours of labor have been shortened, working conditions have been improved, and there is a growing tendency toward safety and sanitation. The increase in wages alone has been of tremendous importance.

Perhaps I can do no better than to refer to a statement made by Surg. Gen. Gorgas last week. In an address delivered before the Consumers' League of Washington, D. C., by Maj. Gen. W. C. Gorgas, Surgeon General of the United States Army, he said:

The disappearance of yellow fever and malaria was due to special measures of mosquito destruction. But what later caused the marked decrease in all other diseases?

We know that mosquito destruction could have had little effect on these diseases. We found we had on the Isthmus another disease breeder, worse by far than either the yellow fever or malarial mosquito, namely, "poverty."

Our increase of wages tended to alleviate this poverty, and I am satisfied that as to this measure the increase of wages yields a greater part of our success in general sanitation, outside of malaria and yellow fever.

I wish this great sanitary measure—increase of wages—could be universally adopted. I am aware that it is impossible to be done in the United States by edict of Government, as it was done at Panama, but I believe it could be done even more effectually by other methods.

In an address last summer, Gen. Gorgas said:

Add to the laboring man's wages from \$1.25 to \$2.50 a day and you will lengthen the average American thread of life by 13 years at least.

The rich are overeating. The poor are undereating. Both are contributing to short lives. But where overeating shortens the life of one person in one hundred, undereating shortens the life of ninety-nine. If we are to lengthen the average life, you must pay attention to the poor man.

In other words, Gen. Gorgas declares, as the result of his investigation, large experience, and ripe judgment, that there is no measure so potent to abolish poverty as an increase in wages.

That is the point. No movement, no remedy is so potent to prolong life and to give help to the individual and to remove poverty as increases in wages. Where are all these professional microscopic examiners on this question of the poverty of the working people? Are they looking to increase the wages of the workers? They have made no such attempts. The only movement—the trade-union movement—that undertakes to address itself and to devote its entire attention to the question of wages, hours, and conditions of employment incurs their savage attack.

I have here, Mr. Chairman and gentlemen, a copy of a report made by the president of the Cigarmakers' International Union of America to the last convention of that organization, held in Baltimore in 1912. In that report President Perkins gives data of that organization for a period of 27 years, and he gives the figures and tables showing the average length of life of the membership of the Cigarmakers' International Union of America from the first period when accurate data could be obtained up to the last month before the convention. And let me say that these data are obtained something like this: Each local unit is required to make its monthly reports to the international union headquarters, now located in Chicago. Those reports are made to the headquarters; and if a member should die in the interim of a month the report must be made to the international headquarters, accompanied by the death certificate of the member who died, the certificate of the attending physician, and the accompanying certificate of the board of health on vital statistics; the age of the deceased is given, and the cause of death, etc.

Throughout the entire jurisdiction of that organization, covering the territory of North America, there can be no collusion. These reports are sent into the office of that international union. The data are tabulated, and the average length of life for a period of a year is made, and then so on, year after year, and as a result of the introduction of the eight-hour workday in the trade, the increase in wages secured by our union, the better conditions wrung from unwilling employers, there has resulted an average increase in the longevity of the members of our organization of more than 15 years. The thread of life of the members of that industry has been lengthened out more than 15 years.

Not alone that, but since that time, on account of the improved economic conditions, the members of the organization and of the trade have been enabled to give their wives more time, more leisure, more opportunity, more food, and better homes, so that the average length of life of the wives of the members of that organization has been increased more than 14 years.

May I, Mr. Chairman, furnish the stenographer with a copy of the reports bearing upon this subject for incorporation in the record?

MR. KEATING. Without objection, the witness will be permitted to insert it at this point in his remarks or at the conclusion of his remarks.

[Extract from President Perkins's report to the twenty-second convention International Cigarmakers' Union, Baltimore, Md.]

In 1888 the average length of lives of the members was 31 years 4 months and 20 days.

In 1890 to total age of 212 deceased members was reported as 7,943 years, making an average of 37 years and 6 months at time of death.

In 1900 the total age of 339 deceased members was reported as 14,762 years, making an average of 43 years and 6 months at time of death.

In 1910 the total age of 588 deceased members was reported as 29,362 years, making an average of 49 years and 10 months at time of death.

In 1911 the total age of 622 deceased members was reported as 31,209 years, making an average of 50 years and 1 month at time of death.

This shows an increase in the average length of lives of members of 18 years 8 months and 10 days since 1888, or a period of 23 years.

The foregoing remarkable demonstration by facts and figures concerning the increase in the longevity of our members gives the lie direct to the pessimist and completely explodes the oft-repeated expression by all such that the condition of the masses is growing worse. It proves at least that the far-reaching influence and beneficent effects of trade-unions has caused a wonderful improvement upon those who have sense enough to enroll under their banner.

The following shows the totals for the last six years, giving the numbers of deaths, total age, and average age at time of death:

Year.	Number of deaths.	Total age.	Average age.		
			Years.	Months.	Days.
1906.....	506	23,635	46	8	10
1907.....	586	28,851	49	2	10
1908.....	588	29,654	50	4	10
1909.....	599	29,654	50	4	10
1910.....	588	29,362	49	9	10
1911.....	622	31,209	50	1	10
Total.....	3,489	172,590	49	4	10

The following table shows the principal causes of death in the six preceding years given, the number of members, the total ages, and the average age at time of death:

Disease.	Number of deaths.	Total age.	Average age.		
			Years.	Months.	Days.
Consumption.....	286	10,667	37	3	10
Tuberculosis.....	310	12,066	38	9	10
Pulmonary tuberculosis.....	154	6,835	44	3	10
Heart trouble.....	348	18,887	54	2	10
Pneumonia.....	225	11,712	52	.....	.....
Kidney trouble.....	160	10,629	66	4	10
Accident.....	155	6,709	44	5	10
Nephritis.....	154	8,492	55	3	10
Suicide.....	149	7,202	48	3	10
Cancer.....	124	6,861	55	3	10
Apoplexy.....	111	6,410	57	7	10
Liver trouble.....	97	5,334	55	.....	.....
Paralysis.....	92	4,859	52	8	10
Phthisis.....	65	3,074	47	2	10
Dropsy.....	63	3,312	52	5	10

In 1890 the total age of 67 deceased wives and mothers of members was reported as 2,537 years, making an average of 38 years at time of death.

In 1900 the total age of 134 deceased wives and mothers of members was reported as 6,158 years, making an average of 46 years.

In 1910 the total age of 162 deceased wives and mothers of members was reported as 8,143 years, making an average of 50 years and 2 months, a gain of 4 years and 2 months in 10 years.

increase means in the lives of the workers. It is more concerned in securing a reduction in the hours of labor of an hour a day than it is in the election of a President, much as we are interested in that.

Addressing myself to the resolution of Mr. London, I want to call your attention to his statement: In the third "whereas," he says something about the employment of "millions of children." Men and women of the labor movement take pride in the fact that they have done something toward the mitigation of the evil of child labor, and we are very seriously engaged in an effort to secure the enactment of a bill now before Congress, so that so far as the power of Congress can go, the products of the labor of children at least under a certain age shall not be transported from one State into another, and that if a State is so backward and ignorant and selfish as to employ children of young and tender years in the making of profits, we will let them sell their stuff within that State. Then those States will soon remove the evil within their own jurisdiction.

But I can not bring myself to believe—is there any data to prove that there is anything like millions of children at work; and I say this despite any statement which may be made upon the authority of any other association of academicians and theorists.

In the preamble on page 2—that would be the fourth preamble—Mr. London has there, "whereas the methods heretofore employed to mitigate the evils," which he enumerates, have tended only to degrade the unemployed into the unemployable, etc. You will observe he thereby criticizes all the methods heretofore employed to mitigate these evils, and consequently includes every trade-union effort to alleviate and mitigate the evils of unemployment.

Mr. LONDON. Why do you try to say these rights? Where do you find in the resolution an attack upon trade-unions?

Mr. GOMPERS. I say, Mr. Chairman and gentlemen, that I have asked that Mr. London state his position.

Mr. LONDON. I shall not interrupt any more.

Mr. GOMPERS. I do not regard it as an unwarranted interruption; on the contrary, I welcome it. I will say that on last Thursday I suggested that Mr. London first explain what was in his mind in regard to his joint resolution, and then I might have an opportunity of speaking not only upon the resolution itself but upon Mr. London's explanation of it. He declined to act upon that suggestion. I am not at fault if he refuses to explain, and therefore am compelled to rely upon the language of the resolutions.

Now, he says "whereas the methods heretofore employed to mitigate the evil of unemployment," such as spasmodic relief work, public and private charities, etc., have only tended to degrade. I am perfectly willing, if the Chair consents—

Mr. KEATING (interrupting). Well, the Chair would prefer that you adhered to the rules of the committee and permitted Mr. London to ask questions at the conclusion of your direct statement.

Mr. GOMPERS. I will say again that "whereas the methods heretofore employed"—

Mr. LONDON (interposing). Such as—

Mr. GOMPERS. Wait a moment.

Mr. KEATING. The witness will not be interrupted. We will have an opportunity to ask questions at the conclusion of his statement.

Mr. GOMPERS. "To mitigate the evil," etc., and then suggests relief methods. If Mr. London had said, "whereas some of the methods heretofore employed to mitigate the evils," and then said "such as —" and so on, he would have made his meaning clear, if he did not intend to say what he did. I take it he did not intend to say those things. I do not think he intended it as a trade-union attack.

I want to call your attention to this fact, that during the periods of industrial stagnation or reaction it is a common practice among workers, and particularly among union men and women, to go to an employer and say, "Rather than you let a quarter or a half of our fellow workers out, divide the work up among us." I am sure that course is not to be condemned.

Your attention is called to this fact, and it is something that has not yet been brought fully to your attention: When the panic of 1907 started there was a movement mooted in the journals and newspapers, either controlled or owned by employers and other big corporations, intimating to the workers that they would have to submit to reductions in wages, due to the then on-coming period of stagnation. The American Federation of Labor sent forth its ringing cry to the toilers of America, paraphrasing the old couplet,

It is better to have loved and lost
Than never to have loved at all,

the workers resolved that "we will resist any reduction of wages," for

It is better to resist and lose
Than not to resist at all.

That declaration went ringing throughout America. The great employers of labor sat up and took notice; and no less a personage and controller of finance of his day than the late J. Pierpont Morgan came out in an interview declaring that the interests with which he was associated would not attempt to reduce wages. So the declaration went ringing throughout the country, and the American Federation of Labor performed a great service for the people of the United States in preventing the deterioration threatened against them by making the industrial crisis prolonged and more acute. But that fact is not interesting to our scientists, our philosophers, our microscopic examiners, and our sociologists.

In section 3 of Mr. London's proposition or joint resolution, he says "it shall be the duty of the commission to prepare a detailed plan for the establishment and maintenance of a national insurance fund"—not to inquire into and to report and for Congress to enact, but "it shall be the duty of the commission to prepare a detailed plan for the establishment and maintenance of a national insurance fund." And then, in the next line, line 2, "out of which workers who shall be in need may be aided when involuntarily out of employment"; that is, somebody is to determine when the workers shall be in need—somebody. In other words, then, it is a matter like kisses which go by favor; and when the political kisses are most profuse the aid may be most generous. How far that will go and can go and can be made to go in the establishment of a powerful autocracy is better left for the imagination.

But I was particularly interested, when Mr. London asked Commissioner Royal Meeker the question last Thursday, while Mr.

Meeker was here—I am relying entirely upon my memory as to the verbal phrasing of the question—and said, “Mr. Commissioner, wouldn’t you think that if the standard of wages were not paid, that that would constitute involuntary unemployment?”

Mr. LONDON. You are mistaken, Mr. Gompers.

Mr. GOMPERS. I think when there is a question, not of veracity, but a question of understanding what the question or answer was an interruption will be permitted.

Mr. KEATING. Yes; under the circumstances.

Mr. GOMPERS. I will ask to have Mr. London state the question as he remembers it.

Mr. LONDON. As I remember it, it was this: I tried to draw a distinction between strikes which are the result of an attempt of an employer to reduce standards of employment. The unemployment caused by such strikes I characterized as involuntary unemployment. In other words, where a man gets \$5 a day and strikes in order to obtain \$6, assuming that \$5 is a sufficient sum to support him adequately, the man getting \$5, as I say, and striking for \$6, his unemployment is not involuntary, but is voluntary; but when a man gets a sum which is not sufficient to enable him to live on, or is merely sufficient for that purpose, and the employer attempts to reduce his wage below the minimum necessary to live on, I look upon such a strike and the unemployment caused by such a strike as involuntary unemployment. The distinction is a legitimate one. Unemployment due to some strikes should be held to be involuntary unemployment. That is the question I addressed to Mr. Meeker.

Mr. GOMPERS. The question of a man getting \$5 a day and striking for \$6.

Mr. LONDON. Yes; assuming that \$5 is the standard and is enough to live on.

Mr. GOMPERS. I do not know anything of such a limit. You may have such a limit. I have no limit. I have no limit in the demands of workers upon society.

In essence, the question as I stated it, was accurate. The question as to how such standards may be threatened is not essential. In his question Congressman London has arbitrarily set as an example a man receiving \$5 a day and striking for \$6. But how about the man or woman to whom Congressman London referred, who is working for a mere pittance, and strikes for an increase from \$1.25 to \$1.50 a day?

Mr. LONDON. I would class that as involuntary unemployment.

Mr. GOMPERS. There you are. It is a question of standards. It is a question of discrimination. It is a question of administration. And let me say this to you: As a rule, when the poorest paid of the workers make a protest against deterioration of their conditions—as a rule—others, like the Pharisees of old, express their sympathy and walk by on the other side. It is the militant men and women who fight for their rights, who are heard, and who are given support and aid to victory. It is the labor movement, the men and the women of the labor movement, who must help the poorest; and the explanation given by Mr. London as to his position does no great credit to his understanding of this subject, because if men have established a standard of life as a result of their organization and their work and experience requiring \$5 a day for the maintenance

of themselves and their families, the question if they strike for a dollar more, knowing and believing that the employment and the conditions in the industry warrant it, they are as much justified in making that demand as the men who have been working for a long time for \$1.25 or \$1.50 a day. It is a question of principle.

Mr. London would like to have the \$5 a day workman wait until the \$1.50 workers are brought up to the level of \$5 a day. They will not do it. They are not molded in that form. They are human beings. They have their aspirations and their hopes. They want better hours and conditions of labor and better wages. And the higher they are the greater will be their demand. The independence and the intelligence that have been developed in their character and make-up demand for them the better conditions for which they are contending.

The whole scheme, the whole fault, the whole philosophy, represented by Dr. Rubinow officially before this committee and by Mr. London as a representative of his political party, contemplate not individual development, not opportunity for initiative, for voluntary action, but regulation by the State. These people want to have laws enacted to make the other people conform to their concepts and recipes out of number.

Who is going to determine what is involuntary unemployment? I venture to say that if the record is searched you will find that Mr. London was not so sure in his mind as to what it ought to be, and Commissioner Meeker, professor of Princeton, was equally wobbly and noncommittal.

I am speaking for the American Federation of Labor, and I think that if there ever was an organization of workers for which a central body could speak with authority, it is the American Federation of Labor. It represents the best thought and the highest hopes of nearly every wage earner of America, for, whether the workers be organized or unorganized, it is to us they come, and it is to them we go, in order that we may help them to protect and to promote their rights and their interests.

Section 3 of Mr. London's proposition provides that the commission shall prepare and recommend schedules of benefits. It shall prepare and recommend rules and regulations—rules and regulations—rules and regulations. That is the order of society as contemplated in the philosophy of—if I may use that sacred term of our friends, the Socialists—regulation of every man's and every woman's every step, the regulation of the Government, the regulation of its commissions and its officers.

I am heartsore, ill, and sad when any, the least of my fellows, is hurt in any way. I am so constituted that I scarcely would hurt anyone even in self-defense. And sore and saddened as I am by the illness, the killing, and maiming of so many of my fellow workers, I would rather see that go on for years and years, minimized and mitigated by the organized labor movement, than give up one jot of the freedom of the workers to strive and struggle for their own emancipation through their own efforts.

It has been a constant struggle of the workers through the ages to get the tentacles of governmental agencies from off the throats of the workers and to break the gyves from off their wrists. Here comes along a movement of men and women, many of them good,

whole-souled, true, noble, many of them but led by sophistry as to the causes of the ills and as to the hopes for a better life, and willing to rivet the masses of labor to the juggernaut of government. The American Federation of Labor has been attacked and ridiculed as no other organization on the face of the earth, and just by these people—not all, but officially and severally by nearly all of them. But why? Because the American trade-union movement, the American Federation of Labor, refused to yield to any group one inch of the field of activity in the interests of the working people. The advocates of Government regulation may fight for it, but they will find a stout contender against them in each human activity. They have been unable to control the American trade-union movement, and that is the great sum total of our offense.

The American Federation of Labor and the American trade-union movement is the most effective militant, beneficent labor movement, freer from governmental interference, influence, or control than any other labor movement in the whole world. It is because we are a labor movement, pure and simple, per se, a movement of wage earners, for wage earners, by wage earners, that we incur the flippant, and sometimes the serious, attacks and criticisms and subtle antagonism of the Socialist movement.

Section 4 of the resolution provides that it shall be the duty of the commission to submit a report and recommendations for the relief of unemployment by the "regularization of industry." In other words, the Government has to regulate industry and, ergo, regulate the work of the toilers. "It shall be the duty of the commission," etc., "to submit a report, plans, and recommendations for undertaking and establishing industries which are to be maintained by the Government of the United States." I do not know that it is necessary that I should take any of the time of this committee to discuss this subject.

There was a remark made here, I do not know by whom, but inasmuch as those who appeared last Thursday appeared all in favor of the resolution, I will mention it. There was some criticism made of the workmen's compensation bill, which was rejected by the organizations of the railroad brotherhoods. I believe they made a mistake in the course pursued by one or two of the brotherhoods. I have done my share to try to bring the brotherhoods to my point of view; but I hold that, inasmuch as the act concerned them primarily, they have the right to determine what is best for them. They have the right to make a mistake, and it is better that they make a mistake against their own interests than that they accept the course that you propose, according to which they would not even be given a chance to make a mistake. That is the difference between autocracy and democracy, the difference between an autocratic form of government and a democratic form of government. A democratic form of government implies that the people rule. As the people are, some of them, ignorant, and some are jealous of their rights, in developing strength of character and altruism, democracy may make mistakes; but it is better that democracy should make a mistake and then rectify it as time goes on, than to have an autocratic form of government, to have an autocrat with all the wisdom of King Solomon or any other autocrat.

There is scarcely an international—although in saying this I may be saying it out of sequential order, as I have not arranged my statement

or my memorandum in such way that it will be necessarily sequential, depending upon my own experience and understanding to clothe my views with words best adapted for them—there is scarcely an international union that has not provided some form of insurance against sickness, against invalidity, against unemployment, tool insurance in many of them, traveling benefits, going from place to place in search of employment, railroad fare and enough for meals and lodging, old-age pensions, and annuities. I can not give you the figures just now.

I have just been handed this memorandum. The International Typographical Union, over 60 years old, with a membership in 1915 of 59,100, has a pension roll of over 1,342 for members over 60 years of age. The pension was established in 1908. The International Typographical Union established a union printers' home 20 years ago out in Colorado Springs, Colo. There are now 184 inmates. The pension or superannuation provided by the International Typographical Union runs from about \$5 to \$8 a week. The railroad brotherhoods—engineers, firemen, trainmen, and conductors—have also interesting provisions. May I ask in my time for a gentleman to say a few words and give the figures in reference to these benefits?

MR. KEATING. Yes, without objection.

MR. GOMPERS. Benefits are paid in accordance with the wages earned. If the wages are low the benefit necessarily must be low. Dues are necessarily low.

The organizations of labor have expended millions upon millions of dollars in protecting and insuring the members of the organizations, and let me say this: I know of not one organization of labor in America, not one bona fide trade union, which does not use much of its funds and most of its voluntary contributions from the members to help members of unorganized labor or unskilled. We go to the unskilled laborers and bring them the message of hopefulness and protection, notwithstanding the attacks of Congressman London in the House of Representatives upon the trade-unions and upon the labor leaders of America.

I have here some correspondence between Mr. Royal Meeker, Commissioner of Labor Statistics of the Department of Labor, and Mr. James Sullivan, upon the subject of conditions of labor, wages, prices, etc., and ask that it be made a part of the record.

MR. KEATING. Without objection, it will be incorporated in the record.

FEBRUARY 25, 1914.

HON. WILLIAM B. WILSON,
Secretary of Labor, Washington, D. C.

DEAR SIR: The findings relative to retail prices of food published from time to time by the Bureau of Labor Statistics are widely accepted by the press as indicative of a constantly rising cost of living in the United States. A digest of Bulletin 138, which is soon to be issued, appeared in a New York commercial newspaper on February 16 under a series of "scare" heads, the leading one being "Food prices higher than for 23 years"; the major heading for the same matter in another New York daily paper was "Prices soar skyward," while a third newspaper announced "Sixty per cent rise in the price of food in the last 13 years." The percentages given in the bureau's bulletins seem to be generally regarded in this country as valid indications of an uninterrupted tendency upward in the movement of prices, as if they were governed by some unseen agency. The Board of Trade of Great Britain, the office of the Statistique Générale de la France, and other European centers for the preparation of reference works

accept the bulletin's percentages as official index numbers and use them as records and bases of comparison.

An examination of the statistics of the bureau bulletins, however, shows that they are inadequate as a basis for percentages representing the general cost of living, and hence inaccurate sources for general inferences—in a word, they lack the elements of adequacy, lucidity, and correctness.

The principal table of summaries (p. 10, Sept. 15, 1913, issue of the pamphlet in question, the last one at hand) is headed "Relative retail prices of food; simple and weighted averages, 1890 to August, 1913, by geographical divisions." The percentages in the final column, recapitulative of the other columns, give a rise in "prices weighted" from 101.9 in 1890 to 166.1 in August, 1913. The title of the pamphlet (of 146 pages), "Retail prices, 1890 to August, 1913," probably misled the newspaper head writers and condensers of the bulletin's contents, so that they have been taking it for granted that the figures related to the general cost of living and have written up their alarming headings accordingly. Perhaps they read also the assertion of the compiler of the pamphlet that "15 articles of food enter into the relative prices in this report, representing approximately two-thirds of the expenditures for food by the average workingman's family." Here is approximately sufficient official justification for alarming news-column headings and despondent editorial comment.

Now, what are the 15 articles of food covered in the bulletins, and, as a fact, do they represent the alleged two-thirds expenditure? Here is a list of them: Sirloin steak; round steak; rib roast, pork chops; bacon, smoked; ham, smoked; lard, pure; hens; flour, wheat; corn meal; eggs, strictly fresh; butter, creamery; potatoes, Irish; sugar, granulated; milk, fresh.

Eight of these articles are meat, counting "hens" under this heading. Of the seven other commodities four showed a decrease on April 15, 1913, as compared with April 15, 1912. Flour had declined 4.1 per cent, corn meal 1.6, potatoes 47, and sugar 16. Of the three remaining commodities butter had increased 8.7 per cent, milk 4, and eggs 0.4. For these seven commodities the decreases that year far outbalanced the increases. But the general average increase in the meats being put by the intricate processes of the bureau at 17 per cent, brought a showing of an "advanced cost of living." The September bulletin gave a decrease of three of these commodities on August 15, 1913, as compared with August 15, 1912. The fluctuations of the 15 commodities, excepting meat, thus frequently take the downward curve as well as the upward. The New Yorker looking over the bulletins notes these points: For New York City butter is quoted in April, 1913, at 41 cents per pound; on February 1, 1914, it was quoted in the local papers at 30. Potatoes last year and the year before were unusually cheap. Corn meal is not an article of everyday diet in New York. The bottle price of milk, affected by the health regulations, has been nearly stationary for several years. Fish, which takes a leading place in the food list of a large part of New York's population, is not included in the bureau's table. Coffee, wholesale, fell last year from 13½ cents to 9½. The bureau has given in percentages in its reports, 1890, 1903, 1907, the prices of 18 commodities (namely, apples, beans, bread, butter, cheese, coffee, corn meal, eggs, fish, flour, milk, molasses, potatoes, prunes, rice, sugar, tea, vinegar). The general average percentages for these commodities were—1890, 104.4; 1903, 105.15; 1907, 114. Increases, 1890–1903, three-quarters of 1 per cent; 1903–1907, 8.85 per cent; for the entire period 1890–1907, 9.6 per cent.¹

It is to be noted that the rise in the price of meat in the United States has been from a level far below the prices long prevailing in Europe, especially those of the Continent. For example, sirloin steak in Chicago is given in the tables as selling, even in April, 1913, for 22 cents a pound; in Paris or Berlin it would be difficult to get steak of the same quality at 40 cents a pound. The *Statistique Générale* gives the price of steak in Paris in 1910 at 34 to 45 cents a pound, according to quality.

The "weight" given in the eight articles of meat in the bureau's table is, to a certainty, out of all proportion to the present consumption of meat in an American working-class family. The workingman, like the moneyed man, has adapted his expenditures to the acquirement of the best food values his purse commands. He has rearranged the proportions in his food, substituting cereals for flesh food or buying cheaper cuts of the latter. Has the bureau modified its "weighting" of meats in accordance with this fact, or has the weighting stood

¹ These percentages of increase should be 0.71 per cent, 8.41 per cent, and 9.19 per cent.—Royal Meeker.

unchanged since the issue of the eighteenth annual report in 1903? It is upon that report that the compiler of the present bulletins relies for the statement that the 15 commodities of his tables represent two-thirds of the wage workers' expenditures for food. The statement is at this date under a cloud of reasonable doubt.

Making a comparison in the prices of certain meats and seven other articles running back through the 24 years to 1890 and deducing from it a general increase of 60 per cent in the cost of living, as has been done in the rest, falls impressively short of a true indication of the present general level of prices for all the various commodities and services which make on the total cost of living.

Bradstreet's of February 14, 1914, offers a much wider range for deductions as to cost of living than the bulletin's 15 articles. It gives its usual comparative wholesale prices of 106 commodities. From these it calculates an index number which is the lowest reported since October, 1911, and which is 6.2 per cent under the index returned on February 1, 1913. As compared with February 1, 1912, 46 articles declined in price, 42 advanced, and 18 were without change. Among those declining in the year were wheat, rye, flour, mutton, beef, butter, coffee, sugar, beans, peas, lemons, raisins, currants, and anthracite coal. As compared with January 1, 1910, the number of commodities having a decreased price was 40, while 8 remained unchanged. Among those lower in price in the four-year comparison were wheat, oats, rye, flour (\$5.40 to \$4.25), milk, pork, bacon, lard, butter (36 cents to 26.5), eggs (38 cents to 34), sugar, peas, peanuts, lemons, cotton, wool, and tobacco.

There is enlightenment on the points in question in other official Federal statistics. A bureau of the Agricultural Department reported in 1912 that on April 1 farmers were getting less for their staple crops than on that date during the previous five years. In March, 1913, the same bureau reported that staple crops in the United States averaged about 21.7 per cent lower on March 1 than on that date the year previous, 3.9 per cent lower than in 1911, 19 per cent lower than in 1910, and 10.3 per cent lower than in 1909 on the same date.

A general report on prices issued by the Bureau of Labor Statistics itself in 1911 gave the results of an investigation of the wholesale prices of 257 commodities. Of these 257, the number showing an average increase for the year was 148, while 26 showed no change and 83 showed decreases. Giving the average price (index number) of the 257 commodities for 1890 as 112.9, the bureau found the average for 1910 to be 131.6. For the raw commodities among the 257 the average price ran 115 for 1890 and 139.7 for 1910; and for food, 112 for 1890 and 128.7 for 1910. Here was an advance for all the 257 commodities, 1890-1910, of 18.7 per cent; for the raw commodities of 24.7 per cent, and for food only 16.7 per cent. But for the same period, 1890-1910, the compiler of the statistics of the Labor Bureau special bulletin finds by his figures relating to the 15 commodities a rise in retail prices of 46.5 per cent. It would make the public feel better if reports on the 257 commodities were sent out frequently, and the compilation as to the 15 forgotten. Rise, wholesale, 167; rise, retail, 46.5.

But here is another comparison in percentages, retail: Eighteenth report (p. 643), for 30 articles, 1890-1903, a rise of 8.8 per cent; special bulletin, September, 1913, 15 articles, 1890-1903, 14.9 per cent. Further, the bureau's own different series of reports of the percentage in the rise in retail prices differ astonishingly. In the regular periodical bulletin of July, 1908, is a table dealing with 30 commodities, including meats, under the heading, "Relative retail prices of food in the United States weighted according to average consumption in workingmen's families, by years—1890-1907." Basing the percentages on prices in 1890 as 102.4, this table gives 1907 as 120.6. Here is 18.2 advance. But the special September, 1913, bulletin, giving 1890 as 101.9, puts its 15 commodities in 1907 at 125.9, an advance of 24. Here is a difference between the two reports of nearly 6 points, or 25 in a hundred. At this ratio the difference in estimates when the special bulletin's general percentage arrived at 166.1 (August, 1913) could be 16 per cent.

There is no justification as every compiler of statistics in the bureau knows, for the assertion, as made in newspaper headings and by the prophets of calamity, that the rise in wages has not kept up with the rise in prices. Wages, in general, the bureau reports, have risen—per cent. There has been no "rise in the cost of living" since 1890 of 60 per cent or 50 per cent or even 25 per cent.

Here are the statistical items in the average cost of living in 1903 in New York for 471 families earning \$695, as given in the Eighteenth Annual Report of the Bureau of Labor:

Rent, \$121; fuel, \$35; lighting, \$8; clothing, \$98; sundries, \$130; food, \$325; total, \$692.

A reasonable inference from this presentation of bureau statistics of the cost of living is that the only commodity figuring largely and constantly in the total advance is meat. As to this commodity, the arrivals from Argentine, growing monthly since the change in the tariff, have already, according to Secretary Redfield, resulted in a decline in the general New York wholesale market of 4 cents a pound. In New York Argentina meats are widely advertised as selling at retail at a cut of 20 to 40 per cent on usual rates.

The \$325 for food represents only 47 per cent of the entire family outlay. Of this \$325 for food only \$127 was represented by meats, viz: Beef, fresh, \$60; beef, salt, \$9; pork, fresh, \$15; pork, salt, \$12; other meat, \$18; poultry, \$13—the \$127 being but 39 per cent of the outlay for food and only 18.6 per cent of the entire family expenditures. As to the rise in prices on other food commodities than the meat, representing this 18.6 per cent of the total outlay, as we have seen, it is certainly to the present time not more than 10 per cent since 1890.

As bearing on the alarming reports of our Bureau of Labor Statistics, the range of prices for 24 articles of consumption at Paris, as published by the Bureau of Labor for France, may be helpful.

The index numbers run:

1901, 100; 1902, 95; 1903, 98; 1904, 99; 1905, 97; 1906, 95; 1907, 100; 1908, 102; 1909, 100; 1910, 104.

That is, average prices in France for the entire decade ran below the level of 1901.

For 23 articles at London the British Board of Trade, taking account of the coefficient of consumption, gives:

1901, 100; 1902, 101; 1903, 103; 1904, 102; 1905, 103; 1906, 102; 1907, 105; 1908, 108; 1909, 108; 1910, 109; 1911, 109; 1912, 115.

For Germany, 13 commodities (inclusive of the highest advances?) are reported from Prussia, Bavaria, Baden, and Wurtemberg, as follows:

1900, 100; 1901, 103; 1902, 105; 1903, 105; 1904, 105; 1905, 114; 1906, 118; 1907, 116; 1908, 116; 1909, 124; 1910, 127; 1911, 128; 1912, 130.

In December, 1912, our Bureau of Labor Statistics, with its 15 commodities, had got up to 158 per cent, beating Germany, with its high-water mark for 13, by 28 per cent.

"Unprecedented high prices of food," a phrase so frequently employed nowadays, is out of place in the domain of fact. Layton's "Study of Prices," giving diagrams of Jevons's and Sauerbeck's statistics for the United Kingdom, Aldrich's for the United States, and Schmitz's for Germany, shows that from 1863 to 1883 (excepting during the three years 1877-1879) the cost of living was uniformly higher in the four countries than in 1910.

Putting tabulated statistics aside and looking over the run of prices as he has known them in the last 30 years, the middle-aged observer will recall various permanent reductions in his regular expenditures which have weighed continually on the side of lowering the cost of living. He will remember when sugar was almost double the present price, and coffee, if not double, far above the present price. In New York butter was rarely below 40 cents a pound in the winter months; flour long stood above the present level. Up to 1883 wheat was never in the centuries as cheap as in the present year. New York commands now the fruits of the West Indies, as well as of Florida and the Pacific coast. The effects of the new tariff are being realized. Whatever the cause without doubt the present winter has seen an abundant and cheap supply of grapefruit, oranges, and bananas. California grapes have recently been shipped to New York by means of a new process of preservation in transit, with prices within reach of persons of moderate means. The refrigerator car equalizes prices of fruits, berries, and melons over the country, gives these commodities new markets, extends their season, and encourages production in districts not able a few years ago to sell these and similar crops. Freight rates in the United States in 1870 were 1.8 cents per ton per mile; the average at present is 0.741—a reduction of considerably more than 50 per cent. Pullman-car rates have just been reduced by law in various parts of the country. Passenger service, while rendered more safe through the steel car, has come down by reason of the legal 2-cent or voluntary mileage rate, marking the lowest point they ever yet reached.

The rates of board, a sure reflex of the landlady's outlay for food, have advanced little either in New York or the country districts which are the resorts

in summer of many of its inhabitants of moderate means. Boarding-house, hotel, and restaurant keepers seem to have learned to "weight" the meals they serve so that the cheaper balance the dearer of their supplies. The alleged increase of 60 per cent in the cost of food certainly does not apply in their case. It is to be doubted that the general average price of board for the artisan wage-worker has risen \$1 a week. The 25-cent factory-neighborhood eating-house dinner remains 25 cents. Canned goods, every housekeeper knows, show nothing like a 60 per cent—perhaps, on the whole, not even a 10 per cent—increase.

As to rents, the "new law" tenement houses—for which the statute prescribes window light to all the rooms and more yard space to a lot—indicates the better quarters now occupied by a large proportion of the masses in New York to-day as compared with the previous generation. Comparisons stumble on variation of standards; steam heating in many tenement houses has taken the place of stoves; hot and cold water is in every new apartment, whereas formerly five families could draw only cold water from one general tap in the hallway. The suburbs, being reached by improved transit, on the steam railroads as well as the electric, exhibit an improvement in the well-being of a large proportion of the population having small incomes. This is true of every city in the United States. New York's transit systems carry hundreds of thousands of passengers 15 miles for the nickel that 20 years ago carried them only 5 in a longer time. The transfer and double transfer cover greater areas than ever. A trip from New York to Brooklyn which in the old days of the city bridge service cost 13 cents now costs 5. The workingman hence has the choice of districts for a dwelling place which only 10 to 15 years ago were beyond his range of daily travel. Robert C. Chapin, studying working-class rents, found that out of 243 families only 102 reported increase of rents from 1904 to 1909. Of these 102 families, 46 gave an increase at \$1 or less a month, 36 at \$1, and 27 at \$2. An increase of \$1 for all the class of tenants living on \$700 a year and paying \$121 (\$10 a month) rent would be an advance of but 10 per cent, and not 2 per cent on the family income.

As to clothing, whatever the determining circumstances, it may be safely affirmed that the general prices late this winter in New York have reached the lowest level known to this generation. In the clothing trade there are no jobbing houses which standardize prices and no summary of comparative prices is possible. The matter of comparing prices can only be left to general observation. Secretary Redfield states that woolen cloth from the largest makers has been reduced this winter from 15 to 25 per cent. The \$2 derby hat has not changed in price; caps are cheap; collars, stationary; men's furnishing goods have not advanced. For the last 15 to 20 years the standard price of a pair of well-wearing men's shoes, such as are worn by many men throughout the United States who in the handmade days regularly paid \$4 or \$6 for their footwear, has usually run as low as \$3 to \$3.50. Women's and children's shoes shared in the decrease in price. In all, working-class clothing may be set down among the reductions in price since 1890.

As to light, gas in New York in 1880 was \$2.25 per thousand feet; in 1885 it was reduced to \$1.75; in 1890 to \$1.25, later to \$1, and six years ago to 80 cents, the present price. The legal provisions for supervision as to quality are more stringent than ever. A citizen, giving his name and writing as treasurer of an institution in New York, states in public print that in 1907 his bills for light and electric power amounted to \$1,115, whereas in 1913 the same service cost \$938. For coal he paid in 1907, \$1,894; in 1913, \$1,280. The increased use of gas as fuel by the working class is indicated by the increase in the use of gas stoves, the day consumption of gas, mainly as fuel, now very nearly equaling the night consumption as fuel and gas.

As to sundries, compared with 1890: There are places of amusement patronized by the wageworkers in every quarter, at prices of admission that average a half or less of those of 25 years ago. The 10-cent stores supply at a dime, or even a nickel, numerous articles of household and personal use which not so long ago cost a quarter at the hardware or drug or notion store. The cheapenings in the cost of communication of messages reach all classes, the lessened cost in the case of the business man finally in some degree benefiting the general public. Telephoning from the outlying districts within Greater New York to the heart of the city 10 years ago cost 25 cents, while a "call" taking up more than five minutes cost 50; the same services are had to-day for but 10 and 15 cents. Telegraph rates, especially night messages, have had a reduction, reaching in cases to 50 per cent or more. The millions of dollars in the new business done by the parcel post counts, every dollar of it, for cheapness. The

recent cut in express rates operate against an increased cost of living and promote the use of such devices as the food hamper. The artisan class of this country are aware of the significance throughout industry and the influence on costs of all goods when there is considerable reduction in the price of basic raw materials. Pig iron is now selling at \$14.75 per ton, as against \$18.50 a year ago; steel billets, at \$20.50, as against \$23.50; copper, 15 cents per pound, as against 16½; and wool, 21.5, as against 23.2 cents. The lessened cost of periodical literature, including newspapers, which have been more than doubled in size and halved in price, is an indication of the lower expenditures constantly brought about through the application of the sciences and the arts. We are now in the era of electricity. And with all these lower expenditures have come more varied enjoyments, services, conveniences, and forms of instruction. As compared in these respects with the period of 1890, the present year marks an advance in civilization shared in to some extent by every laboring-class family.

To bring all the foregoing considerations of prices to the point of trying for a true possible average rise in the general cost of living is perhaps beyond the powers of the calculation of anyone, however well provided with all existing statistics bearing on the problem. However, it may be ventured that with meats up and sundries down and other items fluctuating continually, it is to be doubted that a general established rise for a New York family having an income of \$700 a year can be figured to be 10 per cent. For a family having \$1,400 it can hardly be 15 per cent.

On the whole, whether we depend on the experiences of every-day life or on the work of statisticians other than those of the Bureau of Labor Statistics for the 15 commodities, the result is a devout wish, for the peace of the country, that the findings based on those 15 commodities be not given the press unless proper signals of caution relative to their narrow scope and their insufficiency as criteria of the trend in general costs be published with them.

Respectfully,

J. W. SULLIVAN,

Room 338, 1 Madison Avenue, New York.

MARCH 18, 1914.

HON. WILLIAM B. WILSON,
Secretary of Labor, Washington, D. C.

My open letter to you dated February 28, as you were duly informed, was written for the good of the country, for the assistance of the President, and for the benefit of yourself. The benefit seems not to have been appreciated.

Two answers to that letter have reached me.

The first came by way of a press dispatch, March 7. It states that you had that day decided to revise the system by which the Government had estimated the cost of living; that you believed that a more thorough investigation, giving figures from a greatly increased number of cities and a wider range of articles of food, would reveal "a different state of affairs"; that you believed prices were lower; that your action had been taken in response to my letter; that President Wilson, whose attention had been called to that letter, was also of opinion that a new system might give "vastly different figures"; and finally that you felt that in no wise was the present administration to blame for the imperfect reports, as in the course of events it had fallen heir to the system now in vogue of collecting and publishing the data of the bureau. Answer sufficient, assuredly, this, to the public and to all parties concerned, though perhaps it might fittingly have been supplemented by a courteous expression of acknowledgment to myself.

Your second answer is of a different tone and character. Unfortunately, ignoring my spirit and intentions, you have, together with a curt line from yourself, sent me a labored defense of the bureau's reports, bristling with personalities, signed by a subordinate. He plainly relied upon creating an effect in his favor only among the uninformed as to the points discussed.

A reply in detail may be of service to you while working out your plans for the promised revision of the bureau's methods.

Your commissioner writes: "The author of this criticism resorts to comparison of wholesale prices with retail prices, actual retail prices from sale records with alleged prices, the retail price of one grade of an article with the retail price of another grade of the same article, price relatives in Germany, France, and England with price relatives in the United States, although there is nothing in common to compare." Every statement in this passage is flatly

and completely contradicted by the carefully chosen language of my letter wherever references were made to the prices given in the bureau or other reports. In each instance wholesale or retail prices are quoted in explicit terms. Not one comparison is made involving different grades of a commodity.

In penning the several assertions of that passage your commissioner exhibited a fine audacity. The statistics of "price relatives" for Germany, France, and England, spoken of by me cautiously as merely "bearing upon the alarming reports" of your bureau, appeared in tabular form, with your bureau's averages, in the British Board of Trade Labour Gazette and were reproduced in the October number of the Bulletin of the Department of Labor of France under the heading of "Comparative indexes, 1900-1912." These highest statistical authorities of the two countries mentioned employed those "price relatives" of the various countries as expressing the very comparisons denied them by your commissioner.

Your commissioner took good care to evade mentioning the examples given in my letter of the glaring inconsistencies occurring in tables of retail prices in different series of the bureau's own bulletins. His silence on that point confesses the defects I pointed out.

Your commissioner expresses this belief: "It seems hardly probable that any one could be misled by the tables contained in the retail-price bulletins." But that is precisely the trouble. What do the newspaper headlines which I quoted in my letter to you tend to show? What is the impression as to increase in prices given throughout the country with every new edition of the bulletin? Does its reported higher cost of commodities help or hinder not only the present administration but the entire Nation at a time when the facts inspiring hope and good cheer should have at least equal weight with the tales that tend to intensify depression and despair? Can the commissioner possibly be unaware of the wave of sensation passing over the country consequent upon the press interpretations of his tabular showing of high prices? Do not his agents in the 40 cities send him newspaper comment on the reports?

Let us now take up the astonishing errors your commissioner, in commenting on my letter, has made regarding prices and other factors in the distribution of milk, corn meal, potatoes, butter, and meat.

"The bureau's figures," he declares, "furnished by the dealers themselves, show that the price of milk has risen steadily since 1890." This, in an attempt to refute my mention of the point that in New York the "bottle price of milk, affected by health regulations, has been stationary for several years"—a fact no one in this community would think of disputing. Verification: The records of the company which, through its sales and organization, sets the price of milk in Greater New York, are readily obtainable. They show that the price per bottle of milk, after resting for years at 8 cents, was advanced to 9 on November 18, 1907, was reduced to 8 on November 15, 1908, was again increased to 9 on November 1, 1909, nearly four and a half years ago, and at that price has since remained stationary. The official regulation for the delivery of bottle milk brought an advance only in the case of other agencies in the trade theretofore selling "loose" milk. The company in question, which before the period of the new regulation sold 75 per cent of New York's bottled milk, now serves 40 per cent in the city and suburbs. These facts fully substantiate my references to milk prices. Further, to your commissioner's confusion, the bureau's own bulletin tables (October, 1913), in 35 out of the 36 quotations printed, show 9 cents as the uniform price of milk in New York for the years 1912 and 1913. The significance to the bureau's statistics of the price of milk or other commodities in commercial Greater New York lies in the fact that in this community lives one-third the population of the 40 cities from which the bureau gathers the data for all its 130 pages of minutia-burdened tables.

Corn meal coming in question, "How does he know?" is the challenge, when I venture to say it is not an article of every-day diet in New York. Corn meal, to common knowledge, is but rarely eaten in Northern and Central Europe—hardly at all among the Jewish people of colder Russia, very little in North Germany and France, and it is held as only barnyard feed in Great Britain. More than 40 per cent of New York's population to-day is made up of immigrants from those countries and the first generation of their descendants. The rigidity of food customs, one of the constant phenomena of race characteristics, applies here. Investigations I have directed of corn-meal sales in New York at retail or wholesale have brought out illuminating facts as to the consumption of that commodity. At numerous lower East Side bakeries and groceries, except in the Italian quar-

ters, no corn meal is on sale; in cases the attendants in bakeries, speaking in broken English, said they had never heard of it. A wholesale foodstuffs merchant stated that where he sells 10,000 barrels of rolled oats in New York he sells only 1,000 barrels of corn meal. The leading cereal house of the country reported that it sells more rolled oats in New York and vicinity for human consumption than corn meal for human and animal consumption. Corn meal, an article of daily diet in the South, is to be found on few tables in New England.

That "potatoes last year and year before were unusually cheap"—disputed by your commissioner—is to be easily verified. Your bureau's own tables give the retail advance from October 15, 1912, to October 15, 1913, as 42 per cent. "Bradstreet's," quoting the wholesale price in June, 1901, at \$2.37 and the present price at \$2.25, gives winter prices, 1910, \$1.50; 1912-13, \$1.75.

"Butter, creamery," is the grade quoted in all cases in your bureau tables. Of that grade I therefore spoke in directing attention to its price, quoted in the local press February 1, 1914, as 30 cents. But your commissioner, with a rare hardihood, cites in reply the price, not of "creamery," but of a distinctly higher grade, so described invariably in trade classification, that of "creamery extra." He does not mention the prices for creamery at all. He takes from a single newspaper of February 2 the wholesale price of "creamery extra"; he next gives the average retail price for "creamery extra" on February 15 as 36.2 cents. This is correct enough, in fair agreement with my own market authorities, as to "creamery extra," not under discussion. The disturbing suspicion is suggested that the commissioner is not aware that there is a standing difference, running from 3 to 6 cents, in the retail market prices of "creamery" and "extra creamery."

As to the retail price of "creamery" butter on February 2: The manager of probably the largest private retail outlet for butter in New York, a firm whose grocery sales equal that of 300 side-street stores, has sales stubs showing that on the date mentioned he was retailing "a fair grade of creamery" at 30 cents a pound. Besides, I have a written memorandum from a firm operating 10 of the largest retail grocery houses in New York, catering to the wealthier classes, which gives their retail price on January 30 for creamery butter "of a high grade" as 32 cents, while their "creamery extra" was 35. On February 3 their difference in retail price between "creamery" and "creamery extra" had become 4 cents, and on February 6, 6 cents.

Lastly, meats. The eight articles in this line the bureau, in the expressed opinion of your commissioner, can regularly quote with confidence, while the tables give only seven articles among all other food commodities "because the quality of the same description of an article varies so capriciously." This official conclusion was shown to the New York representative of the largest meat interests in America. He laughed. His reply was: "What is the price of sirloin steak? Try to get at it. You may have fat steer steak or lean cow steak, corn fed or grass fed, fresh or frozen, Texas or Iowa grown, high bred or no breed, or from a tough old animal or a tender young one. The steak may be sold under various circumstances, by all sorts of dealers, in little side-street stores or at big provision houses or by dealers keeping only fancy stock. There are even different grades of sirloin steak in the same beef. There is a continual variation in price in neighborhoods on the same grade of beef. Sirloin steak is selling to-day in New York by some houses with only a fine trade at 32 cents, while big stores with a popular custom sell down to about half that price. The variability in the retail price of meat exceeds what is possible to any other staple. To ascertain through agents in 40 cities the price of steak of approximately the same grade in six or seven hundred stores obviously presents obstacles greater than getting at prices of standard grades of other staple commodities."

Had the commissioner said that the complications in the data of retail prices of all foodstuffs are bewildering, ready assent would have been granted. It is true, uncertainty baffles correct interpretation of the numerous facts intended to be brought out and put in print for general information. After visiting, last year and the year before, more than a hundred markets, in this country and Europe, I decided not to attempt to enter comparisons of prices among my published observations. My notes on prices stand unused. But the commissioner does not take my position. He undertakes to differentiate between classes of foods that he claims are standardized at retail and those which are not standardized when, in fact, very few are standardized or can be.

In the meanderings of your commissioner's statement he once or twice comes to a desired practical point. He admits as a fact that the bureau has not changed its scheme of "weighting" since 1901. But it is the price of what

people are eating now that counts in the cost of their living. In these 13 years, distressed butchers tell us, the masses have diminished their consumption of meats, especially of the higher priced. But the bureau has gone on just the same, assuming that its 15 commodities yet represent, as in 1901, "approximately two-thirds" the food outlay for the working family. Your commissioner further admits that various changes are to take place in the bureau's method. Good. All the rest of his letter is as naught compared with that welcome avowal.

The managers of mercantile establishments and the other men of large affairs whom I have met in collecting data relative to the matters of which the bureau bulletins treat, or should treat, have one and all exhibited an attitude toward the bureau's price tables the reverse of flattering. These men are not actively hostile to the bureau; they do not stigmatize it as a shame and a disgrace to the Government, but they regard it as of pitifully small account. They doubt the authenticity of its findings as well as the validity of its summaries. Said a leader in his branch of activities, national in scope: "The public ought to know which are the 670 retail stores from which the bureau's agents gather their figures, in order that it might pass upon the agents' judgment. There are merchants and merchants, some are selling adulterated and fraudulently labeled foods. The exposé made of short weights and measures is an element to be taken into account. Recently in New York it was shown that eggs were sold in a number of stores on Broadway under four classes, running from 35 to 60 cents per dozen, the classification being wholly fictitious, and upon being candled by an inspector it was proven that they all contained about the same percentage of spots. Further, what verification of the agents' visits to the stores mentioned can be produced? Do the storekeepers indorse by signature the data sent in to the bureau as their testimony? Who judges the various grades quoted in the record? In the wholesale trade, butter, for example, takes on approximate gradations, and retailers may order accordingly, the deliveries subject to rejection, but in the retail trade the storekeeper may easily risk palming off on the unalert consumer a lower grade for a higher. Can the agents test by standards? Can the judgment of one agent form a criterion for another? But what is the use in plying one's self with such questions about hair-breadth points when the entire scheme of the bulletins is so grievously unsatisfactory that those responsible for it, yielding to criticism, confess a desire to revise its methods radically?"

Some unhappy expressions contained in your commissioner's statement hardly display the traditional affable bearing of a model American public official when considering suggestions affecting his duties. My letter, as he cut it up, was not classed with "honest criticism"; it "revealed a purpose"; it was an "effort to prove" something. My methods were "haphazard," my quotations "guess-work," my statements "gossip about individual experience." My reference to a familiar economic fact was greeted with a scornful, "How does he know?" I had written "without making any investigation at all." This ruffled dignity of officialdom in the novitiate is out of place. The new commissioner, it is sympathetically conceded, is too fresh to his office to be wholly responsible for its routine sins. Not an expression in my letter was meant to give him pain. Allowances, we all know, must be made for rigidity of procedure in public business. But since the commissioner, regarding his well-wisher as an opponent to be disdained, has started in on the personality game, I am obliged to obey its first exigent obligation. This is, to step into the arena in which the "defi" has been proclaimed, to utter a return word by way of comment and explanation. I had reason to expect, my dear Wilson, that you yourself should fend off any personal shafts instead of incorporating them in your communication to me. To do so would have been no task at all, since before getting into public office you were several years in the labor movement and are doubtless aware of the character of my long-continued service at the headquarters of organized labor in Washington. Besides, the veteran employees of your bureau who have been permitted to hold over could have informed you that I was active among the advocates of a Bureau of Labor years before one was established, that more than once have my writings had some influence on its subsequent efficiency and value, and that its successive commissioners have respected my qualifications to give testimony on labor subjects.

Evidence of watchfulness over the bureau is shown by my possession of a file of its bulletins from the beginning. As to the absurd assertion of your commissioner that I had directed your attention to the bureau's blundering "with-

out making any investigation at all," he could have learned better on a moment's inquiry at the nearest bookstore or public library. But in concentrating his attention on such matters as the price of cornmeal per package to the fourth decimal, to swell the amusing price tables in his rapidly succeeding bulletins, he probably has overlooked up-to-date literature on the live world problem of marketing. The libraries could also have let him know that my reputation as an independent investigator is not yet to be made, that 25 years ago, unassisted, I conducted an investigation, and, without asking for the vantage of public office, initiated a movement which, as developed, has effected the greatest change yet known in democratizing our Government. To-day 11 States of our Union, and scores of the cities of other States, have the initiative and referendum. For 30 years investigating social conditions has been my avocation. At times the chosen representative of organized labor, it has also been my vocation. Never shackled with the chains of political office, always declining nomination, and never once in any manner seeking public place, I have consequently not at any time been driven to attempt to conceal partisan faults or explain away bureau deficiencies.

With this rejoinder, justifiable, I believe, in view of your commissioner's misjudged animadversions on my respectful letter to you—in other words, having complied with the rules of argumentative as well as the "personalities" game—I leave you and him to the interested public. Its verdicts are usually merciful; besides, it soon permits our coming and going public servants, unless they rise well above mediocrity, to pass into oblivion.

On the whole, Brother Wilson, I believe I have fair reason to be satisfied up to this point with the outcome of my suggestions for reform in the bureau. Every official who exercises an influence over its operations, from the President right along the line, has decided it must do better. Hence all is well. My regrets at having caused your subordinate to be stung. But, his spell of crying and growling over, he no doubt may be expected to work along pretty well, to the best of his abilities and disposition.

Respectfully,

J. W. SULLIVAN.

1 MADISON AVENUE, *New York City*.

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY.
Washington, March 10, 1914.

DEAR SIR: I am inclosing to you a statement prepared by the Commissioner of Labor Statistics, replying to the statements and criticisms contained in your letter addressed to me under date of February 25.

Very truly, yours,

W. B. WILSON, *Secretary*.

MR. J. W. SULLIVAN,
ROOM 338, 1 MADISON AVENUE, *New York, N. Y.*

RETAIL PRICE REPORTS OF THE BUREAU OF LABOR STATISTICS.

A criticism upon the retail price statistics issued by the Bureau of Labor Statistics is contained in a 12-page document addressed as a letter to the Hon. William B. Wilson, Secretary of Labor, dated February 25, 1914, and signed by J. W. Sullivan. Excerpts from this document appeared in a number of New York newspapers under date of March 2, 1914. Its contents reveal a purpose to prove "statistically" that prices are not as high as they seem to the housewife. In his effort to prove the Bureau of Labor Statistics retail-price index too high, the author of this criticism resorts to comparison of wholesale prices with retail prices, actual retail prices from sales records with alleged prices, the retail price of one grade of an article with the retail price of another grade of the same article, price relatives in Germany, France, and England with price relatives in the United States, although there is nothing in common to compare.

If the retail-price index of the Bureau of Labor Statistics is wrong, it most certainly can never be corrected by any such haphazard methods of price getting and price comparison as those used by our critic.

The Bureau of Labor Statistics welcomes and has often solicited honest criticisms, questions, and suggestions relating to the publications of the bureau.

The difficulties of gathering trustworthy price and wage statistics and computing price and wage indexes which accurately measure changes in price levels and rates of wages render this statistical work of the bureau or any other agency engaged in the like activities especially liable to criticism. An estimate is better than a guess, however, and a statistical statement is better than an estimate. The critic who wishes to reform the work of the Bureau of Labor Statistics must be able to suggest something better than estimates and guesses to supersede the statistics issued by the bureau upon the basis of records of actual sales. The bureau exercises the utmost care in gathering and compiling price and wage data. Its statistics are by no means perfect, but they register price and wage variations quite accurately. The methods employed by the bureau in gathering and compiling statistics are being constantly improved.

Probably the best way to answer this criticism is to explain briefly how the Bureau of Labor Statistics gathers and compiles retail price statistics.

Retail prices are secured from 670 stores scattered throughout 40 representative cities of the United States. These stores are carefully selected by the agents of the bureau. No "cut-rate" or "fancy" stores are taken. Stores that trade largely with workingmen's families are chosen. These stores send in to the bureau the actual sales prices on the 15th of each month of the 15 food commodities carried by the bureau. Agents visit the reporting stores annually to make sure that the reports sent in are correct. The 15 food commodities have been carefully selected after years of experimenting. A larger number of commodities was originally included in the bureau's plans and would be desirable, but it is impossible to get reliable prices of fish, coffee, fresh apples, fresh vegetables, canned goods, etc., because the quality of the same description of an article varies so capriciously. Mocha-Java blend of coffee, for example, does not mean the same thing from store to store or from time to time. Occasionally the identical grade of coffee taken from the same bag is sold under different names at different prices in the same store. Clearly increases and decreases in prices can not be traced from prices of articles that are one thing at one time and something different at another time or several different things at one and the same time. The bureau has long been wrestling with the problem of getting quotations of more foodstuffs and of including in its retail price index boots and shoes, men's and women's clothing, and house rentals. This is very desirable, but as yet it has not been practicable for reasons explained above.

It would also be very desirable to extend retail price statistics to include a larger number of cities and a larger number of stores in those cities now covered. This can not be done at present because of lack of funds.

With all their imperfections the bureau's statistics of retail prices are truly representative of food prices in the larger cities situated in the different economic sections of the country. They are certainly immeasurably more deserving of credence than the gossip about individual experience with prices, which is cited to refute them. The stores chosen are so typically representative that it is doubtful if doubling or quadrupling the number of stores reporting would change the relative prices by as much as 1 per cent. It must be brought out and emphasized that prices have increased upon the cheaper grades of meats and substitutes for meats in even greater proportion than upon the higher priced meats. It would probably make but little difference in the general price relative for foodstuffs if a larger number of them were included in the bureau's statistics. The extent to which American workingmen have been able to substitute cheaper food for meats as prices have increased can only be accurately determined by a new investigation into the expenditures of typical workingmen's families. Such a survey was planned several years ago by the bureau, and shortly after I assumed charge of the bureau, September 1, 1913, was again considered and has been postponed only because of the lack of adequate funds.

The title of the bulletins giving retail prices of articles of food is criticized. The bulletins in this series have been intentionally called bulletins on retail prices because there is no other term that would adequately describe their contents. Prices are quoted for coal and gas in addition to the 15 food commodities upon which are based the index number. Other articles representing expenditure for clothing and rentals will be included as soon as it is possible to secure trustworthy prices of standard articles of clothing and rentals for standard houses.

It seems hardly probable that anyone could be misled by the tables contained in the retail price bulletins because it is carefully stated, both in the table headings and in the text, just what the tables include.

Mr. Sullivan criticizes the bureau's selection of 15 articles of food because 8 are meats and because they do not represent, as he thinks, the actual expenditure for food by the average workingman's family. These criticisms bring out clearly the difference between a truly statistical method and a method of guessing at results. The expenditures of workingmen's families were investigated by the Bureau of Labor in 1901, and the amounts and proportion spent per family for different items was determined as correctly as possible. The articles of food carried in the retail price bulletins of the bureau represent two-thirds of the total expenditure for food as shown by the above-mentioned investigation. Mr. Sullivan, without making any investigation at all, declares that the results of the bureau's investigation are incorrect. He does not suggest any better method of arriving at the actual expenditures of workingmen's families. He contents himself with saying that the carefully gathered and considered figures of the Bureau of Labor Statistics are wrong. As an example of his qualifications as an investigator and a statistician it may be noted that he says, "For New York City butter is quoted in April, 1913, at 41 cents per pound; on February 1, 1914, it was quoted in the local papers at 30." The *Journal of Commerce* quoted creamery extra butter in New York City at 26½ to 27 cents per pound wholesale on Monday, February 2, 1914. The average retail price of this grade of butter as given by the 17 New York City firms reporting to the Bureau of Labor Statistics for February 15, 1914, was 36.2 cents per pound. Plainly the retail price of the grade of butter carried by the Bureau of Labor Statistics could not have been quoted by local papers at 30 cents per pound in New York City on February 1, 1914, as stated by Mr. Sullivan. Mr. Sullivan contents himself with saying, "potatoes last year and the year before were unusually cheap." The prices reported by reputable grocers do not bear out Mr. Sullivan's statement. By referring to the bureau's price statistics or any other reliable retail price statistics, one can readily test the accuracy or inaccuracy of Mr. Sullivan's guess. He informs us that corn meal is not an article of everyday diet in New York. How does he know? Corn meal is sold in large quantities in New York and elsewhere in the United States. He states that the "bottle price of milk, affected by the health regulations, has been nearly stationary for several years." The bureau's figures furnished by the dealers themselves show that the price of milk has risen steadily since 1900.

Plans were completed long ago to publish both wholesale and retail prices every month, in order to give the public the latest information regarding price changes and to show clearly the relation or want of relation between changes in wholesale prices and changes in retail prices. The frequent publication of prices, wholesale and retail, is very important, and the plans of the bureau to bring this about will be carried out just so soon as funds and office force will allow.

In order that prices and wages may be compared, one country with another, international statistics must be gathered and handled in substantially uniform fashion. The statistics should be published in such a form that actual prices in the United States, say, for January, 1914, may be compared with actual prices in other countries for the same date. Price changes in the United States can not be compared with price changes in other countries with any degree of accuracy until these statistics of the several countries are standardized as to scope and method. The desirability of internationally comparable statistics has long been recognized by the statisticians of all the leading industrial countries, and some discussion has already taken place with the purpose of securing the adoption of uniform methods in some of the more important countries.

ROYAL MEEKER,

United States Commissioner of Labor Statistics.

WASHINGTON, D. C., March 10, 1914.

Mr. GOMPERS. Now, Mr. Chairman, I do not recall who it was at the last meeting, but one of the witnesses mentioned the fact that in considering social insurance the subject of wages is not to be taken into consideration or not to be considered. That is an open question. Every student knows, every man and workman knows, that upon his wages, hours of labor, and conditions of employment depend what kind of a life is going to be led by the worker and the influence upon his life and health and work, and the kind of insurance he requires.

No one has taken into consideration what has been done and is being done in the United States through voluntary efforts for insur-

ance. I think I may say this, that I do not want you for a moment to believe that I am a supporter of these private insurance companies. I am not. I have tried to live a fairly consistent life, so consistent that I have not one solitary cent of insurance in any concern, outside of \$550, for which I am insured in the Cigarmakers' International Union. I have not one cent of insurance. Inducements have been offered for me to become insured in certain companies, but I have consistently refused. I am a living protest against the graft and dishonesty of many of our insurance companies. As a matter of fact, one of the reasons why we refused to issue commissions or to organize the solicitors of these companies is because we feared that a man may come with a union card to the back door of some poor family's house, where the wife is a loyal woman, whose husband is a loyal union man, to solicit her for insurance, and that, being such wife of a loyal union man, she will insure with the solicitor, saying, "Here is a good union man, and I will patronize him as a union man."

I have incurred the bitter hostility of these insurance companies because I have refused to issue commissions to their solicitors and agents, or because I have been in opposition to granting them charters to organize as unions under the American Federation of Labor. So I have no use for these things. I should prefer that the Government of the United States, so far as it has the power, or the government of the States, if they have the power, handle insurance.

In speaking of the Federal Government and the State governments, I want to say that I recognize the twilight zone between the claims of rights and jurisdiction of the Federal Government and the States. That does not have to be pointed out to me. So far as duality of government can go in the establishment of insurance funds in which workers may insure and get the full benefit of honest administration with the least possible expense and the absence of corruption of funds and graft, I am in favor of it. It would be practically a mutual insurance under the authority of the Government; mutual insurance based upon the voluntary action of the men and women of the labor world. We will see to it. It may take us longer than it would take them, but we demand the right to decide our course.

We have fought for the liberty of the workers to organize, and we are grateful to the people of the United States, to the men of the Congress of the United States, and to the President of the United States for two things particularly. You defeated legislation inimical to the eight-hour law or eight-hour workday. You passed some legislation of practical interest to the wage earners. You will, I hope, enact the convict-labor bill, which would regulate the transportation of the products of convict labor in interstate commerce. You will, I hope, enact the child-labor law—the regulation or prohibition of child labor in interstate commerce. But all those things amount to nothing in comparison with the two bills you enacted into law—one in 1915, March 4, signed by the President on that day, and the other law, passed by Congress and signed by the President of the United States October 15, 1914. The first-named one of those two I have mentioned, enacted last, is the seaman's bill, which gave the right and opportunity to seamen to be free and to own themselves, and the other, the labor provisions of the Clayton law, in which the Congress of the United States has declared "*that the labor of a human being is not a commodity or article of commerce.*" We have an opportunity

for freedom, for the exercise of our normal natural activities. We ask you to give us an opportunity to work and exercise this liberty and these activities, that we may work out our own salvation.

Emancipation of the working class depends upon the working class itself. But it would seem as exemplified in other things and by the proponents of this joint resolution that the working class has nothing to do with it. This resolution ignores the working class absolutely. Simply because I happened to be here, Congressman London did me the courtesy—I have always been courteous to him, and he has always been courteous to me—to ask me whether I wanted to be heard here. That is usually done. You want to make the subject of our remarks a target for your antagonism.

MR. LONDON. Can you at this point try to refresh your memory, whether you received a letter dated the 20th day of March, 1916, a copy of which I am handing you [handing letter to witness]?

MR. GOMPERS. I think I did, sir; because this letter has been brought in here, let me say that it is addressed to me and reads as follows:

MR. SAMUEL GOMPERS,

President American Federation of Labor, Washington, D. C.

MY DEAR MR. GOMPERS: May I obtain from you, for use in the hearing on the inclosed resolution before the Labor Committee of the House on April 6, a copy of your letter which was read at the recent hearing at Albany on a bill creating a "social insurance commission"?

Dr. Rubinow, who will lead the discussion of my resolution here, suggested that your letter would be valuable. He attended the Albany hearings.

Thanking you in anticipation of the courtesy, and welcoming any suggestions which you may care to make on this measure, I am,

Sincerely and loyally, yours,

MEYER LONDON.

MR. LONDON. That was three weeks before the hearing.

MR. GOMPERS. Yes, sir; and asking for any suggestions I might make. A letter was sent to you and your request was complied with.

MR. Chairman and gentlemen, I dissent strongly from the statement made by Dr. Rubinow that the Socialist Party speaks for all the workers of America. If there be any man or woman who speaks for the workers, I think it can be truly stated that they are in the central labor unions and the State federations and the international unions and in the American Federation conventions and, in the interim of conventions, in the executive council of the Federation.

May I say this, that Dr. Frederick Howe, who has written a book dealing with social insurance, in making contradistinctions as to the systems in vogue in the United States and Germany, makes this very significant remark:

Germany has so strengthened the state as to have devitalized the individual.

There is a difference as to concepts of forms of government, concepts of what is best as to the make-up of a people, the character of the people and the government which is established over them or which they establish. I believe in that class of American citizens who believe in the vitality of the individual, in the vitality of the people as against a strong centralized government, a "socialized" government. The American Federation of Labor, with the trade-union movement of America, is a living embodiment of that thought of democracy and of that concept of government. We still believe in our movement, that governments are instituted among men for

the good of the people, and whenever governments become subversive of the good of the people they should be overthrown.

We believe in the democracy and the vitalization of the people, of the man, rather than in the socialization and the strengthening of the governments. There has never yet been in the history of the whole world a government, called by any name, that did not, when the opportunity came, exercise injustice and tyranny. Government in itself is the implication of that fact, and it is the vitality and the democracy of the citizenship of the country that challenge and correct injustice and tyranny in the government.

Mr. KEATING. May I suggest, Mr. Gompers, that if it is convenient for you, the committee will take a recess until 2 o'clock? You have been on the stand three hours, and I dare say you would like a little rest.

Mr. GOMPERS. It does not bother me a bit. I am accustomed to work until I feel that I could fly.

(Whereupon a recess was taken until 2 o'clock p. m. of the same day.)

AFTER RECESS.

The hearing was resumed at 2 o'clock p. m., pursuant to the taking of recess.

STATEMENT OF MR. SAMUEL GOMPERS—Continued.

Mr. KEATING. The subcommittee will be in order. Mr. Gompers, you may resume.

Mr. GOMPERS. Mr. Chairman and gentlemen, during my statement in the morning session I attributed to Dr. Rubinow a statement which, during the recess, he said I was mistaken in attributing to him. The statement was somewhat as follows: He claimed or said the Socialist Party represented all the working people. Now, I am not going to set up my memory against his upon that point. If he says he did not say it, I shall accept his word; and, in so far as that utterance is concerned, I withdraw it. The record, I take it, will show what was said, and if not by him then by some one else. I can not imagine that the remark was not made and that my memory should be so treasonable as to lead me entirely astray. At any rate, in so far as Dr. Rubinow is concerned, I shall assume that he did not make the statement.

It has been suggested to me also that I have addressed myself before this committee more to the criticism of the Socialists and Socialist Party than I have to the provisions of the resolution. A friend of mine who overheard the statement, said, "Well, probably it is due to the fact that there is little or nothing in the resolution." However, I think I have addressed myself to the resolution; have made my criticism of it and declared that it was our desire to have an investigation regarding the subjects of unemployment, sickness, invalidity, and occupational diseases. I have submitted a draft of a bill for the consideration of the committee as a substitute for Mr. London's resolution. So I think there is little, if anything, that I have left unsaid upon the subject of an inquiry. Representing the

American Federation of Labor and speaking in its name, I prefer that an investigation should be had of the subjects.

As a matter of fact, I think the investigation of the question of employment is big enough in itself; that there ought to be a special commission to give that special subject a hearing without having it tied up with the question of sickness, invalidity, occupational diseases, and old-age pensions. It is a tremendously big subject, but inasmuch as the thought has been that it might be grouped as one of the duties of a single commission, I have fallen in line with that thought and have submitted the draft of a substitute bill which I trust may receive the favorable consideration of the committee. I am not wedded to that and am not desirous that the exact wording should be followed; I am not self-opinionated in those things which I deem nonessential; but as to those matters about which I have strong convictions, of course, no one can expect me to depart or deviate from them. I want the investigation; I want the facts and such suggestions and recommendations as a commission can properly report.

But the question is as to whether I was justified in my criticism of the attitude before this committee of the Socialists and the Socialist Party representative. If, for instance, I had interjected it, I think that criticism of me would have been justified, but the fact is this, that several of the gentlemen who appeared before this committee swallowed the resolution as a whole, hook, line, and sinker, and one gentleman appeared as the official representative of the Socialist Party of America. A gentleman said to me during the recess that a chance remark made by Dr. Rubinow ought not to be taken as an official utterance, and I said this in reply, and I want to repeat it here: The fact is that Dr. Rubinow came here as the official representative of the Socialist Party; in addition to that he had a prepared paper and read it before this committee. In the prepared paper was the statement to which I took exception. Later, when interrogated by a member of the committee, Dr. Rubinow repeated the statement he quoted from his book; he submitted 14 or 15 pages of printed matter which, at his request and by the authority of the committee, were made part of the record.

The statement to which I took exception, and which I now emphasize, was a subtle blow at the life and vitals of the trade-union movement and trade-union activity. If, as Dr. Rubinow's charge implies, trade-union work has brought about but this one condition, that wages have not kept pace with the cost of living; if, despite trade-union activity in the past 12 years, there is 15 per cent less of purchasing power of the necessities of life, then the whole work of the trade-union movement is wrong and must of necessity be a failure. So far as I am concerned I will say this, that if I believed that to be a fact I would not give my time and my life to trade-union work and I would not advise any man or woman to join a trade-union. If the condition of the workers is worse than it was 12 years ago, as I say, our cause has been a failure.

But let me call your attention to this which, perhaps, no one will dispute, or not many will dispute, that the immigration is a great contributor to unemployment in the United States. I do not mean immigration as it has come to the United States within the past year because of the war—that titanic struggle going on in Europe—but

as it has gone on for 15 or 20 years until it has reached a figure of nearly a million and a quarter a year. It is true that industrial and financial crises as they come have a very great influence in creating unemployment. It is true that in seasonal occupations unemployment occurs; it is true that by reason of changing processes of production unemployment follows, but it is equally true that because of practically unrestricted immigration—by which a million and a quarter have come to our shores—the unemployment of the workers in America has increased. And yet, while the author of the resolution, Mr. London, will try to minimize the conditions or causes of unemployment which I have mentioned, he will vote and work to defeat legislation to restrict immigration. I would not want to build a Chinese wall around the United States, but I do believe that those who are here should have the first consideration. All that we have is here and all that we hope to have is here. Our loved ones living, our sacred dead, and those who are to follow are here. It is the fundamental duty of man to see to it that the best interests of the people who are here and those who are to follow us here shall be conserved. How could that be accomplished even if we had a social insurance system such as is proposed, or a compulsory social insurance system, and the gates of America were thrown open to the world? I can imagine, with this wonderful El Dorado here, a great stream of workers from all the countries of the world coming to the United States.

Then the labor organizations and the labor leaders, if you please, of which I may count myself one, are the subjects of criticism because they are so "ignorant," because they are so "shortsighted," because they "do not know," and because they aim to secure the improvement of the condition of the workers of a given trade, calling, or industry. Because we do that we are subjected to this criticism by the author of this resolution. Oh, the inconsistency of it, wanting to have social insurance for the unemployed and the unemployment caused by all of the things I have enumerated.

Yet, the author of the resolution for compulsory social insurance uses every power at his command to criticize trade-unions; he reserves his right to revise his impassioned address and in his leisure and calm moments indulges himself in attacks upon and criticism of the trade-unions and leaders of the labor movement of America. If I had interjected the thing, I say, I would be subject to just criticism and rebuke, but there were here about one dozen witnesses at the last meeting, and six or seven of them were avowedly and openly Socialists, and attacking and criticizing the fundamentals of the trade-union movement in its work.

I can not and will not take advantage of the courtesy of the committee in going into the subject too long, but I want to call attention to the fact that at the Seattle convention of the American Federation of Labor the question of the investigation of social insurance was indorsed. The executive council of the American Federation of Labor made a recommendation upon the subject to the convention. At the last convention of the American Federation of Labor, held in San Francisco in November, 1915, a committee for the investigation of unemployment was authorized by the convention and appointed by me.

I would like to have the opportunity, Mr. Chairman, and gentlemen of the committee, to submit, if I can obtain them within a reasonable time, some figures and data relative to the organizations which provide for social insurance for their membership, and what they have done. In regard to that I will try to condense it as much as possible; it may be helpful and I am sure it will not hurt anyone, and from it no one will dissent. It will be a statement of what has been done.

Mr. KEATING. I am sure the committee will be very glad to have the data.

Mr. GOMPERS. Now, just one word or two and I shall be done. The trades-union movement of the American Federation of Labor is a movement of the wagedworkers. It has about 2,000 volunteer organizers who go through their respective vicinities and districts and help bring the gospel of the rights of labor and humanity to the toilers; to preach the necessity and the duty to organize and by associated effort to secure improvements to which they are entitled and for the assertion of the rights to which they are entitled. The wage earners are told that they should make common cause with the labor movement and that the American labor movement will be helpful to them in every way within its power and will do everything it can to organize for and secure those rights. Whether the toilers are skilled laborers or unskilled workers or migratory or stationary workers is immaterial.

If we do not do more than we do, it is simply because we have not the means with which to do it. You might offer a man a million-dollar mansion or farm for \$100,000, but if he has not that sum he can not buy it. If there is a field in which to organize a million or two million more workers to-day, and we have not the means with which to go to the men and women of labor and try to bring the gospel of truth, duty, responsibility, rights, and justice to them, that ought not to subject us to criticism and attack as being ignorant and as having failed in our duty. Ours is the organization of the poor. We have no annuities; we have no grants; we have no subventions; we are not made the residuary legatees of millions and foundations, and one of the causes of it is this: The men who possess means, and large means, know that social uplifters may promise the millenium in the sweet bye-and-bye, which is not expensive to these multimillionaires, but they know that with the workers in the trades-union movement, fighting for higher wages and shorter hours and better conditions, they lose a part of their profit and graft; that as a result of more thorough organization all of that which goes to these corporations and multimillionaires now will go into the pockets and into the homes of the workers. The multimillionaires desire to avoid anything which will seem to further that. They know to whom to give their money for their work.

John D. Rockefeller, jr., has just sent out a circular—it was to be released for the morning papers of yesterday—in which he shows what he has done for the erection of churches of all kinds, Catholic and Protestant; he will give to a Mohammedan church if necessary; he will do anything except pay decent wages; he will suborn anything and everything and subsidize anything and everything to avoid getting off the backs of the working people and giving them a chance to organize into a bona fide trade-union. He has declared he will spend his last dollar to fight the establishment of a bona fide trade-union.

John D. Rockefeller, jr., and other employers recognize the difference between a movement for fundamental reform and the advocates of a theory. We are the organization of the working people—the poor—and it is wrong to attribute to us ignorance or refusal to work and to fight for the poor devil who can not fight for himself, or to say that we refuse to go or fail to go into the ranks of the masses of unorganized to a greater extent because we do not wish to go, is more than unfair. To say, as has often been said and charged, that we have no interest in the unskilled workers or migratory workers is as big a libel and as criminal a libel as was ever invented and coined and expressed against any body of men and women. There is not a dollar received in the coffers of our unions, there is not a cent received by the American Federation of Labor, but what is spent in the work of organizing, agitating, and educating the workers and to protect and promote their interests. There is always an endeavor to establish a common policy and a common polity for increasing numbers of workers.

I repeat, if I had interjected the thing into this discussion I ought to have been rebuked, and the rebuke would have been just. But sitting here and listening to the diatribes, to the attacks, and to the criticisms, subtle and open, directed against the work of the trade-union movement I would be treasonable to my associates, to the great constituency which has honored me by their choice of me as their executive head and spokesman, and I would be untrue to my own conscience and the judgment and convictions of a lifetime if I did not resent the attacks.

Now, let me sum up in a few words. The American trade-union movement stands for higher wages now and not in the sweet by and by; for a shorter workday; for greater safety in health, in life, and limb; for beter sanitary conditions of the workshop and the home, and for a beter home now and not in the promised land; for the life and opportunity of the children in the schoolroom, the home, the playground, and the sunshine, now; for a better life, better work, better working conditions, and better opportunities for the cultivation of the best that is in us, and all things that go to make up a better life for the workers.

That is the work of the American trade-union movement. I realize as much as does any man living it has shortcomings. Out of my 66 years I was for 26 years working at my trade and was a wage earner, and I have not risen from the wage earners or above them; I am of them, heart and soul and fiber and make-up; I am a part and parcel of them, feeling the same pangs and feeling the same wrongs. I am anxious to fight for them and with them. I have four children; they are workingmen; I have some grandchildren, some of them old enough to work and who are wage earners. I belong to a family of proletarians, if I may use that term. There are now four living generations, my father and I and my oldest son and his daughter; four living generations and all in good standing in trade-unions. I want to prove true to that history. We do not want to get out of the wageworkers' life and we are not going to.

The wage earners want such assistance as can be given by anybody and everybody, but I give warning here and now, as I have felt impelled to do elsewhere, that the incubuses on the labor movement of America must quit; that the barnacles on the labor movement must

quit or there is something going to drop and drop hard. We want peace; we are willing to accept the cooperation, support, and sympathetic assistance that anybody and everybody can give, but any group of people, however well intentioned, that undertakes to dominate the lives, liberty, and freedom of the workers of America are going to be fought and fought with the same degree of intensity as any other element in society that undertakes to impose its will on the workers.

What the trade-union movement has done for the betterment of the workers of America no people can tear away. There are some things which are axiomatic and need no proof. One is that the sun shines despite awnings, parasols, and the like; water runs down hill in spite of all impediments; lightning strikes in spite of lightning rods to divert the electricity into the ground; and just so with the trade-union movement, which has burned itself into the hearts and gratitude of the workers of America. If you want any proof of it go to Youngstown; if you want any proof of it go to the street car men of this city; if you want any proof of it go anywhere you will, and you will find that there has been engraved on the hearts and minds of the workers a new-found liberty and a new-found freedom which they never even conceived before, and in addition there has been a contribution in the form of better wages, better hours, and better conditions of employment brought into the lives of the workers and their homes.

We want the investigation made, Mr. Chairman and gentleman of the committee, as to social insurance, but we ask that when you recommend an investigation of social insurance it shall be with the understanding that the rights of the workers and the freedom secured by the workers shall not be frittered away by a patch upon our social system, and that under that patch there shall be a germ that shall devitalize the American citizenship and take away from them the vital principles of freedom of action in the exercise of their normal activities and their higher and best concept of human welfare, combined with freedom. That is the attitude of the American labor movement as best I can express it. As you may have noticed, I have been compelled to rely upon memoranda which I have made, but I have presented my position in a way that I trust may commend itself to your favorable consideration and action.

I thank the committee for its courtesy.

Mr. LONDON. Mr. Gompers, is Mr. Wm. H. Johnston the president of the International Association of Machinists, a substantial figure in the labor movement? He is the president of one of your international unions, is he not?

Mr. GOMPERS. Yes, sir; he is.

Mr. LONDON. I will read a letter which he wrote to me in response to an inquiry:

I have your esteemed favor of the 9th addressed to our association, inclosing copy of House joint resolution 159, all of which has been read with much interest, and in connection with your desire that I attend the hearings on the 23d, I beg to say that I am leaving to-night for Pittsburgh, but if I am in the city on the above date, I shall be glad to attend the hearings, and will put forth every effort to do so.

Fraternally, yours,

WM. H. JOHNSTON, *International President.*

Mr. GOMPERS. Does it disclose the fact that you invited Mr. Johnston to attend the hearings, and you did not me? He is a member of the Socialist Party, is he not?

Mr. LONDON. I do not know.

Mr. GOMPERS. You do not know?

Mr. LONDON. I do not know. I would be glad to hear that he is. I expect to have a good many more in the Socialist Party.

But, Mr. Gompers, you received a letter on the 20th of March which directed your attention to the resolution—your attention was called to the fact that the resolution was introduced?

Mr. GOMPERS. That letter was received in my office.

Mr. LONDON. And you saw that letter?

Mr. GOMPERS. I am not quite sure that I did. But, at any rate, the request contained in the letter was complied with; that is, a copy of my letter to Mr. Fitzgerald, for which you asked, was sent you, so I was informed.

Mr. LONDON. Yes; and the letter asked for suggestions on the resolution.

Mr. GOMPERS. Yes, sir.

Mr. LONDON. And you made no suggestions?

Mr. GOMPERS. I did not. I preferred to make suggestions to the committee and before the committee, which I have done.

Mr. LONDON. At any rate, the president of the American Federation of Labor can not complain that his attention was not called to the fact that the resolution had been introduced dealing with the question of social insurance.

Mr. GOMPERS. Yes, sir.

Mr. LONDON. I understand Mr. Wilson, the Secretary of Labor, is not a member of the Socialist Party, and he has been invited.

Mr. GOMPERS. I am happy to say that he is not.

Mr. LONDON. But he has been invited to express an opinion on the resolution. You have 2,000,000 organized workers, have you not, in the United States—about 2,000,000?

Mr. GOMPERS. Oh, that is very short of the figures.

Mr. LONDON. What are they?

Mr. LONDON. Two and three-quarters millions.

Mr. LONDON. How many workers are there in the United States?

Mr. GOMPERS. That is a very indefinite question.

Mr. LONDON. How many industrial workers are there?

Mr. GOMPERS. I would say that there are about thirteen or fourteen millions that would be eligible to be organized in unions.

Mr. LONDON. How many agricultural workers are there?

Mr. GOMPERS. I can not give you the approximate figures?

Mr. LONDON. Has the American Federation of Labor attempted to organize agricultural laborers?

Mr. GOMPERS. Yes.

Mr. LONDON. With what success?

Mr. GOMPERS. With very little success, although there have been a number of unions formed of farm laborers, but for many reasons, among others the large territory covered by their employment has affected or interfered with effective permanent organization. There has been considerable transitory organization, which has had significance here and there for a few months, a few years, and then has dis-

appeared. They have not been successful in establishing many permanent agricultural labor organizations.

Mr. LONDON. Now, it would be a fair estimate to say that there are 7,000,000 agricultural workers?

Mr. GOMPERS. Perhaps that may be true; I can not say.

Mr. LONDON. So that out of a total of 20,000,000 workers we have less than 3,000,000 men and women organized into unions?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. Can you give us an idea of the number of workers organized in Great Britain?

Mr. GOMPERS. About two millions and a quarter.

Mr. LONDON. You have a good memory for figures. It is 2,106,000.

Mr. GOMPERS. About two million and a quarter.

Mr. LONDON. In Germany?

Mr. GOMPERS. Prior to the war about 2,040,000.

Mr. LONDON. The statistical table I have before me gives 2,500,000. In Austria about 500,000?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. In Hungary about 130,000?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. In Italy, 191,000 industrial workers and 425,000 agricultural workers; in Denmark, 99,000; Sweden, 126,000; Norway, 25,000; Holland, 128,000; Belgium, 148,000 workers. Now, in all of these countries only a small part of the working class, of the working people, belong to the unions. Isn't that true? Mind you, I am not criticizing. I am just trying to get at the facts.

Mr. GOMPERS. I think that is true, sir.

Mr. LONDON. In the United States about 10 out of every hundred belong to the unions; in Great Britain about 17 out of every hundred; and in Germany about 18 out of every hundred. What percentage of women workers belong to the unions of the United States?

Mr. GOMPERS. That is exceedingly difficult to say, because in our unions there is no discrimination as between men and women. Each is an entity to himself or herself, and there is no distinction.

Mr. LONDON. There is a good deal—

Mr. GOMPERS (interposing). One moment, one moment; do not interrupt my answer, please. The women in our unions are upon an equality with men in every particular—rights, privileges, wages, conditions, dues, and benefits, and they are known to us as simply John Smith and Belinda Scott, as the case may be. As to sex, we make no distinction and have undertaken no data.

Mr. LONDON. You mean you have no record of the number of women workers who are organized?

Mr. GOMPERS. We simply have the number of workers organized. wage earners organized into a union, and we do not differentiate or attempt to secure data as to the sexes.

Mr. LONDON. Now, without giving us the exact data, can you tell us whether the proportion of organized women workers is smaller than the proportion of organized men workers?

Mr. GOMPERS. I think that is true.

Mr. LONDON. True in every country in the world?

Mr. GOMPERS. I think that is true, and the reason is—

Mr. LONDON (interposing). I understand. We are not going into that.

Mr. GOMPERS. I think if a fact is stated, some of the reasons ought to be given.

Mr. LONDON. One moment; we will come to that. I am trying to get at certain fundamental facts, and I want your help. It is evident, then, that in spite of all the sacrifices and martyrdom of the trade-unions, they have succeeded in enlisting only a small part of the working class in the unions.

Mr. GOMPERS. The facts are, first—

Mr. LONDON (interposing). Is this a fact—

Mr. GOMPERS (interposing). One moment. I think that I have some rights as a witness before this committee. I am perfectly willing to try to answer questions as best I can.

This country, until 1864, was composed of part slave as well as part free labor. Slavery and organization of labor with concepts of liberty are absolutely impossible in the same jurisdiction. Secondly, this country was divided into sections which had practically different civilizations, different interests, the one manufacturing and based on free workers, and the other agricultural and based on slavery. America, even up to date, is still largely agricultural, covering a greater area than any other country on the face of the globe except Russia, and the work of organization among wage earners in America is of comparative recent times.

Mr. LONDON. There were unions in 1804 in the United States, were there not?

Mr. GOMPERS. There were a very few of them.

Mr. LONDON. Yes; and this reasoning would not apply to Great Britain, would it?

Mr. GOMPERS. The reasoning?

Mr. LONDON. Yes; I mean the explanation of the lack of development.

Mr. GOMPERS. It will in so far as England is concerned. England is an industrial country.

Mr. LONDON. But in England they have succeeded in getting only a small portion of the working people organized into unions.

Mr. GOMPERS. No; not a small portion.

Mr. LONDON. Well, 17 out of every 100.

Mr. GOMPERS. You must bear in mind, Mr. London, that the organized workers in trade-unions are the industrial militant army of the workers. Just as in the field of government of a nation, so it is in the industrial field. The government of a nation does not have all its citizens in the militant activity of its army; so the trade-unions haven't the entire industrial workers engaged in the militant service in the cause of labor.

Mr. LONDON. Now, it requires a great deal of sacrifice to organize a union, I assume.

Mr. GOMPERS. Sometimes; and at other times it is positively thrust at us; in the case, for instance, of the street railway men of Washington, and in the case of the Government employees of the District of Columbia. These organizations grew practically overnight.

Mr. LONDON. I know; but organizations that grow overnight are likely to collapse in a moment also.

Mr. GOMPERS. So is every field of human activity as well as government institutions.

Mr. LONDON. But in order to establish a permanent union great sacrifice is required on the part of organized labor; is not that so?

Mr. GOMPERS. Not always.

Mr. LONDON. Most of the time?

Mr. GOMPERS. No.

Mr. LONDON. So that no sacrifice of any kind is necessary in order to build up a trade-union?

Mr. GOMPERS. That is the same exaggeration on this point in which you are indulging in so many others.

Mr. LONDON. I am asking a question.

Mr. GOMPERS. I know you are, and predicating it on an exaggerated statement of facts. The fact is that sometimes there are great sacrifices.

Mr. LONDON. And at times only pleasure?

Mr. GOMPERS. It is always a pleasure.

Mr. LONDON. It is always a pleasure?

Mr. GOMPERS. Sometimes an organization is nipped in the bud by the employers, and then at times again the very effort on the part of the employers to prevent organization by, for instance, the discharge of those who are engaged in the work of organizing or of those men who have become recent converts to organization, has frequently brought about a reaction and a resentment among the other workers so that they also have been moved to organize, whereas they would not have organized if the employers had not discriminated and discharged their shopmates and made them the victims of those who tried to organize.

Mr. LONDON. In other words, it is this very oppression that has helped organize some of the unions.

Mr. GOMPERS. Yes; it has helped in some instances.

Mr. LONDON. There has been a great deal of oppression of employees by capitalists.

Mr. GOMPERS. Yes.

Mr. LONDON. And there is now.

Mr. GOMPERS. Too much.

Mr. LONDON. And in spite of all these difficulties, this oppression, in spite of the fact that employers have been using strike breakers, gangsters, and hired thugs, and despite the fact that they have been obtaining injunctions against unions, the labor movement has been slowly growing.

Mr. GOMPERS. It has been growing all too slowly to suit the impatient souls of many of my fellows and myself, but it has grown steadily and through some periods rapidly. The growth is rather in geometrical progression at times. For instance, the organization of the workers within this past year. During the past year there has been a larger increase in the organization of workers than in any other one year. When we started with the American Federation of Labor in 1881, there were scarcely 200,000 workers organized. In 1877 there were less than 50,000 organized workers in the United States and Canada. Then the growth of the organization began and in 1881 we had about 200,000 organized in the Federation.

Mr. LONDON. How old is the labor movement in England, Mr. Gompers?

Mr. GOMPERS. About 200 years.

Mr. LONDON. And after 200 years of effort to organize the working class, there are not more than 17 out of every 100 people belonging to the labor unions?

Mr. GOMPERS. As a matter of fact, the modern trade-union movement had its real active life in the last 25 or 30 years with the organization by Henry Broadhurst, John Burns, Ben Tillett, and Joe Shipton and a few others of the organization of the dock laborers. That was the beginning of the organization of the modern trade-union movement there.

Before that, as I indicated in my testimony, the unions were primarily benevolent friendly societies, and they had to follow that policy in order to protect themselves against the old concepts of the law.

Mr. LONDON. In England unions simultaneously advocate the need of action in the economical field as well as political action.

Mr. GOMPERS. Yes, sir; and in America also.

Mr. LONDON. I asked you about the progress of the British trade-unions. The British trade-unions do believe in using their political power for the purpose of improving the conditions of labor.

Mr. GOMPERS. Yes; and so do the American trade-unions.

Mr. LONDON. The trade-unionist realizes that it would be wrong to leave the political power in the hands of his masters, in the hands of capital.

Mr. GOMPERS. The American union man believes in the improvement of the conditions of the wageworkers of America; and aims to secure that improvement by every activity which he can call into his command. There are phases that are economical and political—

Mr. LONDON (interposing). Economical and political, exactly—organizing unions and then using their political power.

Mr. GOMPERS. As workers and citizens.

Mr. LONDON. As workers and citizens.

Mr. GOMPERS. Yes, sir.

Mr. LONDON. The labor movement, for instance, is responsible to a great extent for the compulsory education law in many of the States of the Union?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. Organized labor was the first to urge the need of compulsory education; isn't that so?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. Organized labor did not take seriously the objection of the greatest philosopher of England, Herbert Spencer, that compulsory education was destructive of the liberty of the individual?

Mr. GOMPERS. I very largely agree with Spencer in many, many things.

Mr. LONDON. But on the subject of compulsory—

Mr. GOMPERS (interposing). And if he said that which you say he did, I think it was one of his mistakes.

Mr. LONDON. Now, the right to educate one's children in one's own way is certainly an elementary right, is it not?

Mr. GOMPERS. Yes.

Mr. LONDON. An alienable right?

Mr. GOMPERS. Largely so, sir. A right that concerns the child as much if not more than the parent.

Mr. LONDON. Still the organized labor movement considered it necessary for the preservation of the State to compel people who did not know enough to educate themselves and their children, to compel them to educate their children; isn't that so?

Mr. GOMPERS. Yes, sir; and the right of any parent to have the children educated in any way is retained to the parent.

Mr. LONDON. Exactly, except that——

Mr. GOMPERS (interposing). That they be required to educate them.

Mr. LONDON (continuing). Except that every parent is required to give a certain elementary education to the children.

Mr. GOMPERS. It is reserved to the parent to educate the children, and as to the method and course, it is simply within the power of the parent.

Mr. LONDON. And the only thing compulsory about it is that he is compelled to educate his children.

Mr. GOMPERS. Yes, sir. Education is made compulsory in order to protect the children and to assure them future opportunities.

Mr. LONDON. Now, then, organized labor takes pride in the seamen's act, in the enactment of the seamen's act, does it not?

Mr. GOMPERS. Justifiable pride; yes.

Mr. LONDON. And in order to obtain the improvement which the seamen's act guaranteed, organized labor has for a number of years, some 22 years, urged Congress after Congress to lend the aid of the Government to assist the seamen, isn't that so?

Mr. GOMPERS. No, sir.

Mr. LONDON. To emancipate the seamen.

Mr. GOMPERS. To give the seamen the right of control over themselves.

Mr. LONDON. Which they did not have before.

Mr. GOMPERS. Which under the law they were deprived of before, the right of ownership in themselves.

Mr. LONDON. Yes.

Mr. GOMPERS. The right to leave their employment whenever their vessels were in safe harbor.

Mr. LONDON. Now, all methods in the labor movement are subject to change, are they not?

Mr. GOMPERS. Always. They would not be human institutions if they were not subject to change.

Mr. LONDON. The mere fact that the trade-unions have followed a certain policy for 15, 20, or 25 years does not mean that in the light of a wider experience they will not change their methods.

Mr. GOMPERS. They are likely to change their methods when experience shall demonstrate to them that their experience and their activities have been fruitless and unsuccessful. But in the case that you mentioned, of the seamen's law, and to which I may add the labor provisions of the Clayton antitrust law, they have secured these improvements and these successes as the result of the methods which they have pursued.

Mr. LONDON. Now, unemployment is a very serious evil, is it not?

Mr. GOMPERS. It is.

Mr. LONDON. And you agree with that portion of my resolution which recites the fact that "uncertainty and irregularity of employ-

ment are the scourge of the lives of millions of working men and women"? You agree with that statement?

Mr. GOMPERS. I agree with it in so far that it is a great wrong and a great injury.

Mr. LONDON. Do you agree with the statement that "We find unemployment under protective tariffs as well as under the system of free trade"?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. And you do agree that "in countries from which there is a large emigration as well as in those to which there is immigration"?

Mr. GOMPERS. With this addition, that in countries which receive large immigration there is a larger degree of unemployment due to that fact.

Mr. LONDON. There may be at times.

Mr. GOMPERS. That is your interpolation. I am speaking of my judgment and of common knowledge. I would say that there is a larger number of unemployed by reason of this larger immigration.

Mr. LONDON. Then, with certain qualifications you agree in substance with the statements that there is unemployment in countries from which there is a large emigration as well as in those to which there is a large immigration? (See Appendix F, p. 303.)

Mr. GOMPERS. And larger in those countries in which there is a larger immigration, such as, for instance, in the United States up to the year 1914.

Mr. LONDON. Now, Mr. Gompers, you spoke about three hours without interruption, and I just want to lay the basis for a short statement, and you will help us a great deal if you will try to answer my questions as short as possible. I don't want to limit you.

Mr. GOMPERS. No; you can't limit me. I won't permit you to do it. If you ask me questions that are predicated upon false assumptions and bases, I shall necessarily have to answer as my understanding and judgment directs.

Mr. LONDON. Let us see, then. With certain qualifications you agree that in countries that have immigration and emigration there is unemployment, with certain qualifications?

Mr. GOMPERS. With the qualifications I state.

Mr. LONDON. You stated them a minute ago.

Mr. GOMPERS. With the qualifications I have stated; yes.

Mr. LONDON. You agree that "the seasonal character of many industries" is responsible for unemployment?

Mr. GOMPERS. They are in a considerable degree subject to trade-union control.

Mr. LONDON. I have not asked for that. I want to know whether the seasonal character of many industries increases unemployment?

Mr. GOMPERS. At certain seasons, but—

Mr. LONDON (interposing). At certain seasons. We will come to the remedial later.

Mr. GOMPERS. But I prefer to inject my own answers. These are subject to the control of trade-unions, for seasons have been not only changed but prolonged, so that trades which were formerly seasonal occupations have now become permanent throughout the year.

Mr. LONDON We shall come to that later. You agree that the "constant changes in methods and processes of production" cause temporary unemployment?

Mr. GOMPERS. Yes, sir; frequently, not always. May I just—

Mr. LONDON (interposing). Permit me to continue my questions.

Mr. GOMPERS. I can not make stenographic notes; and if you will give me a moment—

Mr. LONDON. Certainly. You spoke of the employment of millions of children as being an exaggerated statement. Do you know the exact number of children below the age of 16 that are employed in industries?

Mr. GOMPERS. I do not know the exact number, but I know that there are not millions.

Mr. LONDON. Do you know that there are a million children employed?

Mr. GOMPERS. I do not. I think not.

Mr. LONDON. Do you as president of the American Federation of Labor, or does your office, maintain a bureau of labor statistics?

Mr. GOMPERS. In a way, according to the best opportunity and means we have at our hand.

Mr. LONDON. And you can't give us any approximate idea of the number of children below the age of 16 employed in industries in America?

Mr. GOMPERS. I know that there are not "millions."

Mr. LONDON. Here we have before us the occupational statistics of the Thirteenth Census of the United States, 1910, which gives the following figures: Males between the ages of 10 and 13, 609,030; between 14 and 15, 744,109. Females between 10 and 13, 286,946; between the ages of 14 and 15, 350,140. Making a total number of children below the age of 15, 1,990,225.

Have you ever had occasion to look up these figures?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. And isn't it true that in a number of States they have no system of registration of births—in some of the Southern States?

Mr. GOMPERS. I know that that exists, but to a very limited extent.

Mr. LONDON. So that there are places where we really do not know the exact number or ages of the children employed except that we know that very young children are employed?

Mr. GOMPERS. Yes, sir; that is true.

Mr. LONDON. According to these data the number of children below the age of 16 is nearly 2,000,000, isn't that so?

Mr. GOMPERS. If there was but one child it would be a crime.

Mr. LONDON. I entirely agree with you, but that is not the point. I want to know whether the statement that millions of children are employed has no basis in fact, in view of the statistical data to which I have attracted your attention.

Mr. GOMPERS. I would say that when one uses the term "millions of human beings," he has neither in mind one or even two.

Mr. LONDON. In other words, it should have been about two million children and then you would have no quarrel with me.

Mr. GOMPERS. It is not a question of quarrel with you. I have no quarrel with you, Mr. London.

Mr. LONDON. I know we haven't.

I come to the next statement in my resolution "The merciless discarding of workers enfeebled by old age." Is that a true statement of the condition prevailing in our industries?

Mr. GOMPERS. Speaking of merciless—

Mr. LONDON (interposing). Would you change that to "merciful"?

Mr. GOMPERS. I would not. That is a condition of industry.

Mr. LONDON. It is a condition of life.

Mr. GOMPERS. It is a condition of industry. I have learned this as the result of my observation of life, that the less characterization there is, the stronger the statement is.

Mr. LONDON. Now, I want to know whether it is true that old men are being discarded in industries to-day. Is that true or not?

Mr. GOMPERS. It is unquestionably true.

Mr. LONDON. So I was wrong in using the expression "the merciless discarding of workers enfeebled by old age."

Mr. GOMPERS. If you will remember, I did not even refer to that during my entire time of presenting my statement to the committee.

Mr. LONDON. So that you indorse any means which will help the person enfeebled by old age to obtain some means of existence?

Mr. GOMPERS. I should employ every legitimate means to mitigate this condition, of those who are discarded, consistent with freedom, and the liberty of the workers.

Mr. LONDON. And in connection with this you favor a system of old-age pensions for civil-service employees, don't you?

Mr. GOMPERS. The Government being the employer. That is the only way it can be done.

Mr. LONDON. I am not speaking of how it shall be done. You favor a system of old-age pensions for the relief of old age?

Mr. GOMPERS. Of Government employees by the Government.

Mr. LONDON. And of industrial workers by the industries, or in some other way.

Mr. GOMPERS. By the voluntary action of the workers. I should think that it would be welcome to have Government contributions, too.

Mr. LONDON. Splendid. We are getting along nicely.

Mr. GOMPERS. I am glad you think so.

Mr. LONDON. Now, coming to the next: "The frequently recurring crises intensifying the distress." Now, it is true, isn't it, that every crisis intensifies the evil of unemployment?

Mr. GOMPERS. During that period, and it also is mitigated by the trade-union activity, part of which I mentioned this morning, as, for instance, the benefits they brought about. During the crises that occurred prior to 1907 the employers of labor took advantage of the situation and their own power by reducing wages and thereby curtailing the consuming power of the workers. They would lay off workers and throw them on the street. In the crisis of 1907 the American trade-union men declared that that wasn't the way out of an industrial or financial crisis and declared that they would resist reductions in wages, and proposed to divide time among the employees with those who would otherwise be unemployed, and as a consequence the distress and acuteness of previous industrial crises

were mitigated, and never in the history of America, since the first industrial crisis of 1857, was the period of such short duration or such a small amount of poverty as was the case in 1907, due alone to the attitude of the trades-unions.

Mr. LONDON. Now, coming to the next portion of my resolution, which reads as follows:

Whereas the methods heretofore employed to mitigate the evil of unemployment, such as spasmodic relief work, vagrancy laws, poor laws, public and private charities, have tended only to degrade the unemployed into the unemployable, turning them into a permanent burden to themselves and to the rest of the community.

Now, you don't believe that the problem for unemployment can be solved by spasmodic relief work, by temporary relief work?

Mr. GOMPERS. I agree with your statement.

Mr. LONDON. And you also agree that our vagrancy laws and poor laws are entirely inadequate to cope with the difficulty?

Mr. GOMPERS. Not only inadequate but frequently unjust.

Mr. LONDON. You also agree that there is nothing more degrading than public and private charities?

Mr. GOMPERS. I won't say that there is nothing more degrading, but it is exceedingly degrading.

Mr. LONDON. It is exceedingly degrading and tends to degrade the unemployed into the unemployable?

Mr. GOMPERS. It degrades both the giver and the receiver.

Mr. LONDON. Up to this point everything stated in my preamble meets with your approval.

Mr. GOMPERS. Except those parts from which I dissent.

Mr. LONDON. And you dissented only from one part and qualified your dissent.

Mr. GOMPERS. I dissent from the expression in the preamble, the part which you have just now read.

Mr. LONDON. What expression?

Mr. GOMPERS. In this preamble you condemn *all* the methods.

Mr. LONDON. I don't say all the methods.

Mr. GOMPERS. I know you don't, but where you use the language "Whereas *the* methods heretofore employed" implies all methods.

Mr. LONDON. Very well; you disagree with it because you believe that the expression "Whereas the methods" means "Whereas all the methods."

Mr. GOMPERS. There is no escape from that language. If you had used the word "some," so that it would read, "Whereas some of the methods heretofore employed to mitigate the evil of unemployment, such as spasmodic relief, vagrancy laws, poor laws, public and private charities, have tended only to degrade the unemployed into the unemployable," I would have entirely agreed with you on that.

Mr. LONDON. Now, I understand, you believe that by the wording of this portion of the preamble I intended a veiled attack on the trade-unions?

Mr. GOMPERS. I believe it was unintentional on your part; that you intended to say that some of the methods and the methods which you described—those you have mentioned in this preamble.

Mr. LONDON. Up to this point we have had no serious disagreement?

Mr. GOMPERS. I regard the disagreement as quite serious.

Mr. LONDON. As you have stated them now?

Mr. GOMPERS. As I have stated them during my examination by yourself.

Mr. LONDON (reading):

Whereas, while unemployment can not be completely done away with under the present chaotic and anarchical system of production and distribution, the evil of involuntary idleness can be mitigated by the adoption of a comprehensive national system of social insurance, which is to secure to the worker adequate means of subsistence while involuntarily unemployed, whether the unemployment be caused by lack of work, by sickness, or by old age.

Now, which portion of this preamble do you disagree with?

Mr. GOMPERS. The assumption that unemployment can not be completely done away with is chimerical and unfounded. You have indicated that there are in America a little less than 3,000,000 organized workers; and if you have in mind the fact of what these 3,000,000 workers have already accomplished and what they could and would accomplish when we shall have organized 6,000,000 or more of the workers in the trade-union movement, you will find, if you live long enough—and I, if I live long enough—that this problem of unemployment will be solved by the trade-unions in America.

Mr. LONDON. Exactly. So you believe that the problem of unemployment, while it has not been solved up to the present time, can be solved.

Mr. GOMPERS. It is solvable.

Mr. LONDON. And you agree with me when I describe the present system of production and distribution as chaotic and anarchical. Do you agree with me in that?

Mr. GOMPERS. I really don't know what your definitions as to what constitutes chaos or anarchy are. I prefer to have what you have in mind, so that I may have an intelligent understanding of what you mean.

Mr. LONDON. Chaos and anarchy mean an absence of order, a maladjustment of things.

Mr. GOMPERS. Not necessarily.

Mr. LONDON. That is my definition of it. You asked me for a definition.

Mr. GOMPERS. Chaos and anarchy have different definitions.

Mr. LONDON. Now, I have given you my definition of it, and I want to know whether under this definition that chaos and anarchy mean a system of production in which there is an absence of order you agree that the present system of production and distribution is characterized by an absence of order?

Mr. GOMPERS. Your definition would not prevail as to what would constitute a definition of the Government of the United States and those intrusted with the administration of its affairs. I might accept that as a real definition, but the dictionary and lexicon will give different definitions and different constructions of the words "chaotic" and "anarchical."

Mr. LONDON. I have given you the meaning of that phrase as I understand it. Now, with this interpretation, with the words "chaotic" and "anarchical" replaced by the expression "Under the present system of production and distribution characterized by lack of order," would you agree with that definition of the present state of society?

Mr. GOMPERS. How would that read?

Mr. LONDON. Instead of the "Present chaotic and anarchical system of production and distribution" I would say "Under the present system of production and distribution characterized by a lack of order." Would that definition meet your approval?

Mr. GOMPERS. And a lack of order?

Mr. LONDON. Yes.

Mr. GOMPERS. Order by whom?

Mr. LONDON. You want to know whether order means harmony or command. It does not mean command. I speak of order in the sense of harmony.

Mr. GOMPERS. What is that? Read the question.

(The question was read by the stenographer, as follows:)

Mr. LONDON. You want to know whether order means harmony or command. It does not mean command. I speak of order in the sense of harmony.

Mr. GOMPERS. That would be harmony of production and distribution. The viewpoint of workers and employers would differ greatly of what would constitute "order."

Mr. LONDON. Is the present state of production and distribution characterized by a state of order or by disorder? Is there any proportion between the number of workers who look for jobs and the number of jobs offered?

Mr. GOMPERS. I did not get that. I have no desire to quibble.

Mr. LONDON. I understand you have no desire to quibble. We will get at an understanding with a little patience. You say that the expression "unemployment can not be completely done away with" does not meet your approval because you believe in the future it will be done away with?

Mr. GOMPERS. Yes, sir; and by trade-union action.

Mr. LONDON. When I described the present situation of production and distribution as chaotic and anarchical, you say you do not know the meaning of the words "chaotic and anarchical."

Mr. GOMPERS. I said no such thing, sir.

Mr. LONDON. What did you say?

Mr. GOMPERS. I think I have a fair comprehension of the ordinary terms of the English language. But I said that there were different constructions and definitions of the terms "chaotic and anarchical."

Mr. LONDON. Rep'ace these two words by the words "disorderly system." Would that be clear?

Mr. GOMPERS. Disorderly? I think that would be even a worse expression to use in a matter of this kind than anything else you have employed.

Mr. LONDON. According to you the present system of production is characterized by harmony between capital and labor, by harmony between all groups of society, and by complete order?

Mr. GOMPERS. I think, sir, that I understand the purpose of that question, and that question I resent, because it has its basis in a prejudiced and untruthful statement of my attitude. I have never said, despite the repetition, that there is such a thing as harmony between capital and labor, or an identity of interests between them. As a matter of fact, the industries of the country are conducted to meet what are deemed to be the present and future wants. There are some who have misconceptions as to what our future needs and future wants are. These constantly change, and there is no device that will entirely prevent these changes.

Mr. LONDON. Mr. Gompers, in order to decrease unemployment you favor the use of a complete network of unemployment agencies?

Mr. GOMPERS. That too needs qualifying.

Mr. LONDON. How would you qualify it?

Mr. GOMPERS. I should prefer exchanges established by trades-union agencies rather than by governmental agencies.

Mr. LONDON. You would favor the establishment of unemployment agencies which would enable the working people in every section of the country to know where there is a demand for labor?

Mr. GOMPERS. I should favor the governmental issuance by some of its agencies of reports as to the state of the demand for labor in different sections of the country, and where there would be a dearth of labor, and I may say that in 1884, before the Senate Committee on Education and Labor, I made a suggestion for the publication of such bulletins, and I used the illustration of the Weather Bureau giving their forecasts, as well as the actual study of the weather.

Mr. LONDON. And the Department of Commerce is giving now daily consular reports for the accommodation of the commercial world.

Mr. GOMPERS. I think that would be a helpful instrumentality.

Mr. LONDON. And that would help to establish order in industry to some extent?

Mr. GOMPERS. Call it that if you please, it would help to establish equilibrium whereby the workers might be advised to go.

Mr. LONDON. Between supply and demand of labor to some extent?

Mr. GOMPERS. For many years I have tried to avoid the use of the words "supply and demand" because it refers to labor as a commodity, to which I have been protesting for a number of years.

Mr. LONDON. Let us sum up. The substance of our inquiry up to the present moment shows this: That only 10 per cent of the workers of the United States belong to unions; that the resolution has stated more or less correctly the extent of the seriousness of the evil of unemployment. This is so, is it not?

Mr. GOMPERS. In addition, you predicate your resolution and the preamble to your resolution upon a state of affairs which does not exist and declarations of fact which are purely hypothetical.

Mr. LONDON. Will you point them out?

Mr. GOMPERS. I have already pointed them out in my statement.

Mr. LONDON. But we have been going over the preamble line by line.

Mr. GOMPERS. I have taken the preambles of the resolution, any fundamental features to which I desired to call attention, and from which I dissented, and to endeavor to be helpful I have drafted a tentative substitute for your resolution.

Mr. LONDON. Very well, the preamble states the problem, does it not?

Mr. GOMPERS. Which preamble?

Mr. LONDON. The preamble to my resolution.

Mr. GOMPERS. You have several preambles.

Mr. LONDON. The resolution consists of two parts, the preamble and the enacting clause. That part which precedes the enacting clause states the problem.

Mr. GOMPERS. Which problem?

Mr. LONDON. The problem of unemployment.

Mr. GOMPERS. In part.

Mr. LONDON. Would you add more causes of unemployment than those specified in the preamble?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. Which are they?

Mr. GOMPERS. Immigration.

Mr. LONDON. Which other causes?

Mr. GOMPERS. None.

Mr. LONDON. Then the preamble really is a comprehensive statement of the problem of unemployment.

Mr. GOMPERS. It is not comprehensive. It lacks that essential of immigration.

Mr. LONDON. But you spoke before of immigration as one of the qualifications of the second part of the resolution. Now, we come to the enacting clause. Let us see where we differ in that. You also propose that a commission shall be created which is to be known as a commission on social insurance. Then you propose that the commission shall consist of five persons, two of whom shall be employers of labor, two of them representatives of organized labor, and that the Secretary of Labor is to be the fifth member of the commission, and the chairman thereof. This part meets with your approval?

Mr. GOMPERS. Yes, sir; with the addition that because of the duties of the Secretary of Labor, I have tried to make provision so that he may deputize some one to act in his place.

Mr. LONDON. I understand, but the personnel of the commission is the same as that proposed in my resolution? Then we provide for compensation of \$15 per day, and that meets your approval; that isn't too much, or is it too little?

Mr. GOMPERS. That is not too much, but I have made provision in my submitted proposition that they be paid \$15 per diem during the life of the commission—that is, for two years—rather than for such time as they are employed in the work, implying that there is no work. I have anticipated that if a commission of that character is to be appointed to make a thorough inquiry, they ought to give their entire time to it.

Mr. LONDON. I see the point.

Mr. GOMPERS. And therefore I provided for an appropriation for the life of the commission—for two years.

Mr. LONDON. And you expect them to work every day of the two years?

Mr. GOMPERS. Undoubtedly

Mr. LONDON. The administrative details are about the same.

Mr. GOMPERS. Of the commission?

Mr. LONDON. Of the commission.

Mr. GOMPERS. Except that the act I suggest will provide for the commission to investigate, but not to prepare plans for social insurance—to understand the problem and what can be done.

Mr. LONDON. Now, we come, then, to the duties of the commission, and there is where there may be some slight difference between your resolution and mine. Your resolution reads:

The commission shall also prepare and report upon the following: 1. Shall the Government of the United States create a fund to contribute toward insurance against (a) unemployment, (b) invalidity, (c) sickness?

Mr. GOMPERS. May I ask that the words "occupational diseases" be incorporated?

Mr. LONDON. Well, certainly. Would you have it stated as a separate proposition—would it not be included under the general term "sickness"?

Mr. GOMPERS. I would say that the words "occupational diseases" were suggested to me rather than expressive of my own judgment. My reply to the gentleman who suggested it was that the term would be included in the word "sickness," and I do not know that I ought to ask for the change.

Mr. LONDON. Then you say:

If the commission shall recommend that such a fund shall be instituted by the Government of the United States, the amount of said fund to meet the obligations to carry out the plan recommended.

The commission shall also inquire into and report the regulations that would be necessary in the successful administration of such unemployment, invalidity, and sickness insurance, if established, and what rights the wage earners now have which must be minimized or regulated in order to be entitled to the benefits of the insurance.

Is it not rather a dangerous thing to permit a commission to present a plan which would minimize the rights of the wage earners?

Mr. GOMPERS. It is incorporated in my suggestions so that the people shall know—the wage earners shall know—what rights they must be required to surrender and what regulations they will have to observe if they favor that proposition, the proposition of social insurance.

Mr. LONDON. You don't want to prejudice the workers against it?

Mr. GOMPERS. I want them to know.

Mr. LONDON. You want them to know that their rights are protected by the establishment of a system of social insurance.

Mr. GOMPERS. I want the workers to know that if social insurance is inaugurated what rights they will have to surrender and what regulations they will have to obey.

Mr. LONDON. Now, Mr. Gompers, let's be frank. We are dealing with a big problem. If we were here in private conference, you and I, to go over this resolution, the thing I would ask you and the thing you would ask me would be this: To what extent can the establishment of a social-insurance system receive the cooperation of organized labor? Isn't that the real situation? You don't want any system of insurance that may be devised to destroy the ability of the worker to resist oppression in any way?

Mr. GOMPERS. In any way.

Mr. LONDON. And that will be the problem of the United States when we deal with the question of social insurance.

Mr. GOMPERS. And it would be necessary, and should be the function of such a commission, to inquire into and to report on what rights may be impaired or minimized and what regulations the workers would have to obey in order to establish compulsory social insurance. If they are willing to submit, that is a matter for them to decide.

Mr. LONDON. Mr. Gompers, isn't there some assurance that organized labor will have its rights secured by the fact that the resolution provides that two out of the five commissioners shall be representatives of organized labor, two the representatives of employers, and that the chairman shall be the Secretary of Labor?

Mr. GOMPERS. To-day the Secretary of Labor is a man who is in entire sympathy with the wage earners, and he recognizes the necessity of the organizations of trade-unions to protect and advance the interests of labor. To-morrow I do not know who is going to be Secretary of Labor.

Mr. LONDON. Then, what we need is to have the commission consist of men who understand the full meaning of the labor problem.

Mr. GOMPERS. Not only the full meaning of the problem but be in entire sympathy with it.

Mr. LONDON. Will you in a few words state wherein your resolution differs from mine?

Mr. GOMPERS. The tentative act which I have drawn differs from yours in this fundamental fact. It assumes and takes nothing for granted, and directs the commission to make an investigation of the entire subject and report. Your preamble and resolution is a characterization of all methods heretofore employed to mitigate the evils of unemployment as tending to degrade the unemployed. Your resolution commands the commission regardless of the result of their investigations to prepare a detailed plan for the national insurance fund, compulsory in character. Your resolution provides that the workers may be aided from this insurance fund, leaving it discretionary with those who have the administration of such a fund.

Your resolution provides for the agents of the Government to have the discretion to determine what constitutes involuntary unemployment. Your resolution provides for compulsory regularization of industry. Your resolution provides for the establishment of industries by the Government of the United States, to be maintained by the Government.

Mr. LONDON. Does it provide for the establishment, or does it provide for the study of the question?

Mr. GOMPERS. Section 4 of your resolution reads as follows, and I shall read that part of it up to the point at which we seem to differ:

That it shall be the duty of the commission to submit and to report through the President to Congress plans and recommendations for the relief of unemployment by the regularization of industry, by the employment of labor in the reclamation of arid lands, reforestation, the exploitation of the natural resources contained in the public lands of the United States, and on work connected with the prevention of floods and inundations, the reclamation of swamp lands, the building of public roads, canals, and similar public undertakings, and by the establishment of industries which are to be maintained by the Government of the United States.

Mr. LONDON. Submit plans and recommendations.

Mr. GOMPERS. Regardless of what their judgment may be, regardless of what the examination may disclose.

Mr. LONDON. You believe that the language of that part of the bill compels them to bring in plans and recommendations.

Mr. GOMPERS. There can be no dissent from that.

Mr. LONDON. And that it would be impossible for the commission to perform its duty by reporting that they could not recommend compulsory regularization.

Mr. GOMPERS. They have no discretion in the matter. They are required by this resolution if enacted by Congress. They would have no discretion regardless of their judgment. They would be required to report plans and recommendations for the establishment of industries and their maintenance by the Government.

Mr. LONDON. And it would meet your approval if the resolution were to read that it shall be the duty of the commission to study the question whether unemployment could be relieved by the regularization of industry?

Mr. GOMPERS. Because of the dangers to liberty involved in the regularization of industries by the Government.

Mr. LONDON. You do not want them even to study the question?

Mr. GOMPERS. I would not care if they study as individuals, but I would not defend the authorization of such an investigation by the authority of the Government.

Mr. LONDON. What would you have them investigate—to what extent labor can be employed in the reclamation of arid lands?

Mr. GOMPERS. That I have covered.

Mr. LONDON. That you have covered. You have covered everything except the regularization of industry and the establishment of industries by the United States?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. Everything else is covered by your resolution?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. So if we eliminate that portion of your address which consisted in criticizing certain statements or certain supposed statements, the sum and substance of your statement is that you favor the study and investigation of the question of social insurance?

Mr. GOMPERS. Yes.

Mr. LONDON. Is that the sum and substance of it?

Mr. GOMPERS. Yes; with a view of its being voluntarily established.

Mr. LONDON. And you would limit that study to the establishment of a plan for voluntary insurance?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. You would exclude the possibility of establishing compulsory insurance?

Mr. GOMPERS. I would.

Mr. LONDON. That is the main distinction between your plan and mine?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. Well, my plan provides that they may study voluntary and compulsory insurance. You would prevent them from studying compulsory insurance.

Mr. GOMPERS. I would have them investigate the subject of social insurance of a voluntary character and how far it can be established in the United States with such aid as the Government can give. I am more concerned, as I have tried to indicate, with the fundamental principles of human liberty and refusal to surrender rights to governmental agencies, than I am with social insurance. I propose to make just two or three minor statements to the committee in regard to what has been done in the way of social insurance by our organizations, and also what has been done by the great railroad brotherhoods of America. I may say that in recent years one of the brotherhoods has expended more than \$30,000,000 in social insurance for their members and their dependents.

Mr. KEATING. It might be well, Mr. Gompers, to incorporate all those findings in one statement, which will be very interesting, I am sure.

Mr. GOMPERS. There are four representatives of the railroad brotherhoods who have been in attendance all day, and while they are not prepared to submit any statement at this moment, they authorize me to say that they would be willing to submit it in the course of a few days to the committee.

Mr. KEATING. It will be understood that such statement as Mr. Gompers and these other gentlemen want to submit will be incorporated by the clerk.

Mr. LONDON. You are familiar with the report of the Commission on Industrial Relations, are you not?

Mr. GOMPERS. Fairly so.

Mr. LONDON. Are you familiar with the fact that Frank P. Walsh, John B. Lennon, James O'Connell, and Austin G. Garretson—the last three named being representatives of organized labor—have recommended the adoption of a governmental system of sickness insurance, and in recommending it they say:

A governmental system of sickness insurance is preferable because:

- (a) More democratic; the benefits would be regarded as rights, not charity.
- (b) Compulsory features, obnoxious under private insurance, would be no longer objectionable.
- (c) On account of the reduction in overhead charges and duplication, higher efficiency in administration would be secured at less cost.
- (d) Cooperation with other public agencies is impracticable otherwise.
- (e) European experience has proved the superiority of government systems to private insurance.
- (f) Taxation of industry by Federal Government in sickness insurance system is thoroughly established by the Marine Hospital Service. Law taxing vessels for such fund was passed in 1798, and its constitutionality has never been questioned.

So that representatives of organized labor, when the opportunity presented itself to them, have passed favorably upon the question of establishing compulsory sickness insurance, isn't that so?

Mr. GOMPERS. That is in that report, sir; and I would say, Mr. London, that while there are some things in that report of the Industrial Commission with which I am in entire accord there are a few things in that report from which I strongly dissent; that which you have just read about compulsory insurance is one of them.

Mr. LONDON. You disagree with Mr. Lennon, Mr. O'Connell, and Mr. Garretson?

Mr. GOMPERS. I do.

Mr. LONDON. John B. Lennon is the treasurer of the American Federation of Labor?

Mr. GOMPERS. He is.

Mr. LONDON. Mr. O'Connell is a vice president?

Mr. GOMPERS. He is.

Mr. LONDON. Mr. Garretson is a vice president, also?

Mr. GOMPERS. He is the president of the Order of Railway Conductors.

Mr. LONDON. That is a strong bona fide conservative union, isn't it?

Mr. GOMPERS. A strong union. I have the honor of sometimes dissenting from some of my fellow trade-unionists.

Mr. LONDON. In other words, you are not pledged to think alike on every proposition?

Mr. GOMPERS. I hope not; and I say this, too, that whenever in the American Federation of Labor there has come up for determination the question of compulsory governmental conditions, whether by the

establishment of the hours of labor by law, in private industry, or in any other system of compulsion, whether in arbitration or in matters of this character, the view that I have expressed here has prevailed. I speak, therefore, by the authority of the conventions of the American Federation of Labor.

Mr. LONDON. You know the name James A. Emery?

Mr. GOMPERS. I have had the uncomfortable situation of being thrown in conflict with the gentleman.

Mr. LONDON. He represents the Manufacturers' Association, does he?

Mr. GOMPERS. He has represented them, that discredited organization.

Mr. LONDON. May I draw your attention to the fact that in a letter sent by Mr. James A. Emery, on the 30th of March, 1910, to Mr. Ferdinand C. Schwedtman, Mr. Emery opposed the establishment of a system of sickness insurance and old-age pensions?

Mr. GOMPERS. Will you inform me of the purpose of your reading that?

Mr. LONDON. Well, all I wanted to point out was that the typical representative of the Manufacturers' Association opposed the establishment of a system of sickness insurance and old-age pensions for the working people. I suppose that would imply also that he would be opposed to the establishment of any form of social insurance.

Mr. GOMPERS. But now I ask what is the purpose of reading that?

Mr. LONDON. Well, the question is simple.

Mr. GOMPERS. What question do you predicate upon your reading?

Mr. LONDON. I am going over to the next point.

Mr. GOMPERS. You can't, because I understand the implication. You are ashamed of your own question. You are ashamed to ask a question. That is the thing. I know what the implication is. You want to saddle me with James Emery, in the same category, and you know that that is not true.

Mr. LONDON. One moment.

Mr. GOMPERS. Mr. Chairman, I ask for a moment.

Mr. LONDON. Let's have order.

Mr. KEATING. I think Mr. Gompers has the right to make a statement.

Mr. GOMPERS. Let me say that during the hearing last Thursday the statement was made by Mr. London, afterwards declared by him to be jocosely made, that I undertook to control Congress. I can show you cartoons in the American Industries and the same statements made by Emery in the National Association of Manufacturers, that "Gompers controls Congress." I can show you that. It may have been "jocosely made," but only after I resented it and repudiated it. It had the same purpose—to show, or to make it appear, that the American labor movement dominates Congress, and not for a purpose to the credit of the labor movement, but to its discredit, and also to reflect upon the Congress of the United States, that it is under domination. I have declared time and again, over and over again, and I do not have to make any professions of faith here, that our movement stands for social insurance and Government aid, but of a voluntary character and not compulsory.

Mr. LONDON. You stand for voluntary insurance if it can be organized successfully upon a voluntary basis?

Mr. GOMPERS. If the commission shall find that social insurance can be instituted of a voluntary character in which the rights of the workers secured after ages of struggle shall not be surrendered. Not with my consent or without my protest will I permit the enactment of regulations that will take away one right which the workers have won.

Mr. LONDON. Doesn't the existence of a well-disciplined union involve the adoption of regulations which become binding upon every member of the union?

Mr. GOMPERS. So long as he remains a member of the union, and if he doesn't want to obey the regulations he can leave, and he has the legal right to leave.

Mr. LONDON. But if he is a member of the union, he must obey the rules.

Mr. GOMPERS. But he can't get out of the obedience to the rules and laws of the United States. He must obey the laws or go to jail.

Mr. LONDON. Exactly. So far as the laws and regulations of the union are concerned, you justify the adoption of such rules and regulations because they are necessary for the promotion of the interests of the working people?

Mr. GOMPERS. And they are voluntarily assumed, and there is no governmental power to enforce punishment or denial of rights and liberties. The unions can not send a man to jail. There is no police, militia, or army to enforce the edict of the union. There is in the Government.

Mr. LONDON. I will not press that point. It will take us too far. You haven't at the present moment any information as to how many unions in America have adopted unemployment benefits?

Mr. GOMPERS. No.

Mr. LONDON. Did you know that 81 out of 100 principal unions in England had unemployment benefits at the time when the British unemployment insurance was adopted?

Mr. GOMPERS. Yes, sir.

Mr. LONDON. And that the fact that the unions maintained such unemployment funds did not prevent the working people of England from welcoming the unemployment insurance act?

Mr. GOMPERS. I would say that the unemployment insurance act in Great Britain is still in an undeveloped state, and that further this fact of governmental insurance in England has taken much of the virility out of the British trade-unions.

Mr. KEATING. Five days will be granted Mr. Gompers in which to submit a statement showing the work of the various labor unions along the line of social insurance.

Mr. LONDON. Mr. Rubinow desires to make a short statement.

Mr. GOMPERS. I just want to say in connection with the British act that you must bear in mind also that there are but seven trades to which the compulsory unemployment insurance act applies, and as is known they are the seven trades in which loss by disease, invalidity, unemployment, and sickness is less than in the others. There are about 700,000 of the workers who have availed themselves of the voluntary insurance.

Mr. LONDON. So that 2,400,000 people came under the act by compulsory insurance and 600,000 voluntarily?

Mr. GOMPERS. Seven hundred thousand.

Mr. KEATING. Do you wish to ask Mr. Gompers any questions, Mr. Nolan?

Mr. NOLAN. Inasmuch as Mr. London did not pursue that inquiry in regard to the voluntary character of the membership and organizations of the American Federation of Labor, I do not think I want to pursue that.

I might ask one question: In granting a charter, Mr. Gompers, to a national or international union of the American Federation of Labor, they have complete autonomy so far as their own affairs are concerned?

Mr. GOMPERS. Absolute autonomy in the establishment of their own rules and regulations, conduct, methods of administration, and the establishment by the union of any system of benefits, advantages, social insurance—conduct of their own trade affairs just as their own judgment or experience may warrant, without interference by the American Federation of Labor, except in an advisory capacity.

Mr. NOLAN. And in a general way the majority rules, whether it is in the local union, or the national organization, or the international organization in convention, either through the referendum or through the vote of that convention?

Mr. GOMPERS. Yes, sir.

Mr. NOLAN. So that whenever they see fit by their own voluntary action they can make any rules that the majority approves?

Mr. GOMPERS. That is entirely within the domain and jurisdiction of any national or international unit.

Mr. NOLAN. That is all.

Mr. LONDON. Dr. Rubinow desires to make a short statement on an issue which is really a side issue and has really little to do with the main issue before us. A great deal of time was spent this morning on the subject of actual wages and nominal wages. We should not spend any too much time on it now.

ADDITIONAL STATEMENT OF DR. I. M. RUBINOW.

Mr. RUBINOW. I shall try to be as brief as possible; but in view of the fact that a larger part of Mr. Gompers's statement was an attack on the Socialist Party, which I had the honor to represent at the earlier hearing, I do not think it would be fair to leave the subject without further inquiry.

Mr. LONDON. I do not think Mr. Gompers intended a political discussion.

Mr. RUBINOW. I do not intend to go into a political discussion of socialism, and I hope the chairman will stop me if I do.

I have not been delegated to discuss socialism before this committee, but only to plead for social insurance and for Mr. London's resolution. I was authorized to do that in my own way, and when I had made my statement concerning the changes in real wages in this country during the last 10 years I made that statement as a statistician rather than a Socialist. There are Socialists who believe those facts, and there are Socialists who do not. Statisticians who know the facts can not help admitting them.

Mr. Gompers has done me the honor of quoting several of my articles in the New York Call and the New Review and other publications. I am sorry that you did not take the trouble to obtain the original article as it appeared in the New Review, since it was devoted to the important problem of unemployment. I might have assumed that the American Federation of Labor had obtained a copy of that article.

The quotation which Mr. Gompers has made is taken verbatim, including even the asterisk, from a disreputable broadside issued against health insurance by the National Civic Federation. There is absolutely no meaning to that quotation as it stands by itself, and the only purpose of quoting it in that sheet was to indicate my political beliefs in the hope that that might discredit my standing as an advocate of social insurance; but the figures upon which my statement as to wages were based and which has called forth this violent denunciation from Mr. Gompers did not appear in the New Review or in the New York Call or any other Socialist publication. They appeared in the American Economic Review for December, 1914, a highly respectable publication issued by the American Economic Association and edited by some of our most prominent economists and statisticians, who are not supposed to have been contaminated by the Socialist propaganda.

If my article in question was accepted for publication by that magazine, it was evidently not taken as a bit of Socialist propaganda, but as a piece of serious statistical work by a man who had devoted some 16 years to a statistical study of labor and economic conditions in this country.

Mr. Gompers has asked me whether he was quoting me correctly. He was not; but I was not in a position to interrupt him at the time. I shall read the statement which appeared in my article, but before I do it I may add that if the American Federation of Labor is sufficiently interested in the question of movement of wages and takes such a grave view of the situation as Mr. Gompers did this afternoon, they might have noticed the article at the time, because it was noticed by every student of wage and price conditions in this country, and they might have voiced their dissent a year and a half ago. My conclusions in the article are based upon the table constructed with a great deal of care and showing that full-time weekly earnings expressed in money have increased during the last two decades. Taking the average full-time weekly earnings between 1890 and 1899 as 100 per cent, they have increased to 131.6 per cent by 1912. That increase was undoubtedly due to a large extent to the active work of the American labor movement, and, of course, largely to the efforts of the American Federation of Labor. The Socialists are not unaware of the work of the American labor organizations; they need not be told of the value of organized effort of labor on the economic as well as the political field. As a matter of fact, in my original statement I have definitely announced that in so far as poverty and destitution are due to a low wage level that was a condition for which social insurance had no remedy to offer; that it was a situation for the labor organization to deal with, and I think that Mr. Gompers will remember that statement very distinctly. Why, then, should anyone read into that statement an attack on organized labor and devote three hours in a counter attack on the Socialist Party?

But let me proceed with the analysis of my table: Here is another column showing the movement of retail prices of food, which constitutes about one-half of what the workingman has to purchase with his wages, and the prices of food on the same basis have increased from 100 per cent in the decade 1890 to 1899 to 154 per cent in 1912, so that the earning capacity of the individual wage earner in terms of the purchasing value of his wages decreased from about 100 per cent in the early part of the century to 85 per cent in 1912. On the basis of these figures and other data I proceeded to derive the following conclusions:

With fewer children to support, with women young and old, married or unmarried, contributing to the family budget, or at least partially relieving it of a certain share of the burden, the wageworkers of America were able to raise their standard of living, to lead a somewhat easier life. But this does not mean a larger return for their labor. As far as the purchasing value of their wages is concerned, it had probably increased slightly (though by no means as rapidly as is asserted) between 1870 and 1890. But since 1900 it has been rapidly falling. The purchasing powers of wages in 1913 are not much higher than they were in 1870.

The CHAIRMAN. May I ask you if in your statement the wages paid organized and unorganized labor are differentiated?

Mr. RUBINOW. I want to say this: That the original statistical data are not mine. They are taken from the Bureau of Labor Statistics, and they are largely trade-union wages.

The CHAIRMAN. Not entirely.

Mr. RUBINOW. No.

The CHAIRMAN. So that the figures will not show any influence of the trades-union on wages?

Mr. RUBINOW. Except they have been increased through the influence of trade-union wages.

The CHAIRMAN. But after the extent to which you have combined the wages of unorganized labor and the wages of organized labor, the result is not so definite.

Mr. RUBINOW. Of course; and we have got to remember that we are dealing with unorganized labor as well as organized labor.

The CHAIRMAN. So it is possible that if you had confined your work to organized labor the result might have been that the figures would have shown an increase equal to the increased cost of living.

Mr. RUBINOW. There is that possibility.

I have, however, another document here prepared by B. S. Warren, surgeon of the United States Public Health Service, on "Health insurance." "Comparison," he says, "of wage and retail food price statistics indicate that the increase in food prices during the same period—1900 to 1913—has been considerably greater than the increase in wages."

He then gives my table and says: "Thus the tendency toward exaggeration of the upward trend of wages is evident, since a large number of the purely skilled trades are included." In other words, he is afraid that my figures do not state the case sufficiently strong, because I have included skilled trades.

The CHAIRMAN. The theory is that the unions have forced up wages higher than unorganized labor.

Mr. RUBINOW. Oh, yes, sir.

Mr. LONDON. When you speak of the cost of living, what elements do you include?

Mr. RUBINOW. All the elements that the United States Labor Bureau include. Fifty per cent of the expenditure is for food, and there is no reason to believe that other things have not increased proportionately.

In a paper read before the twenty-seventh annual meeting of the American Economic Association, the president of the organization, not a socialist, Prof. John H. Gray, states as follows:

At the same time that this influx of women and children into industry is taking place, real, as distinct from money wages, has constantly declined since 1900.

And Prof. Gray quotes my article.

Prof. Walter E. Clark, professor and head of the department of political science in the College of the City of New York, in his book on the Cost of Living, published in 1915, says:

Wage increase is thus shown to have lagged behind food price increase.

And he reproduces my table.

Prof. Irving Fisher of Yale University, of whom I am sure you have all heard, says in a letter to me:

I was very much interested in your valuable article in the American Economic Review on Real Wages.

Prof. Walter Willcox, of Cornell University, who is the dean of the statistical profession in this country, a gentleman whom I am sure every one of you has heard of, writes me as follows:

May I ask whether you have any offprints of your valuable article, "The Recent Trend of Real Wages," in the December issue of the American Economic Review? I have been much impressed by it and would be glad to have a copy of it to file with my notes on the subject. If it were possible for me to purchase from you a dozen reprints, I should be glad to do so and to put it in the hands of my class in statistics.

Prof. Robert E. Chaddock, of Columbia University, says:

I have read with great interest your article on "Wages," in the recent Economic Review. If convenient I should like two copies of the reprint in order that I may ask my class in statistics to read it.

Now you will agree that those were not figments of my sick imagination. Let me conclude these quotations by reading a statement of Prof. W. Jett Lauck.

Dr. Lauck, I understand, is a good friend of labor and represents one of the large railroad brotherhoods. Surely he will not be suspected of any desire to discredit the American labor movement or the American Federation of Labor. Moreover, his statement is printed in an article in the Locomotive Engineers' Monthly Journal. If I am correct, the Locomotive Engineers' Brotherhood is as powerful an organization in its own trade as is the American Federation of Labor in the world of labor at large. Surely Mr. Gompers will not suspect the Locomotive Engineers' Brotherhood of any desire to minimize the importance of trade-union efforts, but here is what Mr. Lauck, in the journal of that brotherhood, has to say concerning the recent changes in real wages of this country:

As a matter of fact, the higher price level has undoubtedly been brought about through the interworking of both of these fundamental factors, as well as by other minor ones. The point of main significance in this connection is that the increase in money rates of wages has failed to keep pace with the upward trend in prices. The net result, therefore, has been a decline in real wages. The increasing absorption of real wages by an advance in prices has inevitably led to dissatisfaction and unrest among wage earners, which has been the cause

of constantly recurring demands for increases in rates of pay, culminating frequently in serious industrial disputes. Within the past decade the decline in real wages of the American wage earner has been very marked. One of the leading statisticians of the country, and a prominent student of price and wage statistics, recently estimated the movement of real wages in the following words:

And then he quotes from my work.

Now, there is no intention on the part of any student of labor problems, nor any intention on the part of the Socialist Party to deny the importance of the labor unions and its activities. We want to recognize the fact that the question of the level of wages does not enter into the question, into the situation at all. The question of wages does not help the widow of the man whose wages have stopped because he is dead, and the wife of a man whose husband's wages have stopped because he is disabled through disease or unemployment, or old age, or invalidity, because in social insurance we are dealing with the problem of the submerged ones.

There is no wageworker who is not threatened with the danger of being submerged. It might be wise for Mr. Gompers to have refused to carry life insurance. I hate to think of the position of his wife and children when he was young.

MR. GOMPERS. Will you address the committee, not me.

MR. RUBINOW. I apologize for doing it. It might be wise in his case not to do so. It may have been wise for Mr. Gompers to emphasize his prejudice against social insurance by refusing to organize the army of insurance agents as if they were responsible for the management of private insurance companies, but, of course, with the same grace he might refuse to organize the workmen of distilleries and breweries if he happened to be a temperance advocate, or the workmen manufacturing shoddy clothing as if they were responsible for the quality of the material, but let us remember that at the same time there are 30,000,000 people in this country who are carrying industrial insurance at a very high expense, which goes far to indicate that the mass of the working class want some form of insurance, even if they have to pay exorbitant rates for it; and their sentiments concerning social insurance, which would relieve them of a part of the burden and possibly return them \$1 for 50 cents paid, instead of 50 cents for \$1 paid, might be somewhat different from the sentiments of Mr. Gompers.

I appreciate Mr. Gompers's sentiments against compulsion. Compulsion must always be justified. The assumption is always against it. It is only after failure in other methods that we are compelled to use compulsion. It is somewhat naive for us to discuss the question whether voluntary systems are better than compulsory systems. It sounds like a resurrection of the old ideas of 30 years ago. That problem has been settled in almost every European country. There were good reasons why so many of them were forced to abandon voluntary systems.

To save time will you permit me to read the conclusions concerning the limitations of voluntary insurance which I have arrived at in my book:

Except for the State subsidy, the whole burden of payment falls upon the insured themselves. That is the greatest obstacle to the development of voluntary insurance, and, moreover, this incidence of the cost is socially unjust if

the principles of the industrial causation of most illness be recognized. Industry must in all justice bear a portion of the cost of sick insurance.

This criticism of the results of subsidized systems naturally applies with greater force to the voluntary systems without subsidy. It may be summarized thus:

The voluntary system is slow in extending; it never extends far enough; it is not satisfactory as to services furnished; it places too big a share of the burden upon the wage-working class.

These shortcomings, or at least some of them, the compulsory system aims to correct.

And again, as far as voluntary old-age insurance is concerned, I state on page 344:

1. Even a heavily subsidized system of voluntary old-age insurance attracts only a small proportion of the working class, presumably of the better-paid strata.

2. Even of those who begin accounts a large and growing proportion fail to continue to make the necessary contributions with any regularity.

And I want to add that of this fact very interesting evidence is furnished by foreign voluntary systems. In Italy, for instance, where the system of voluntary old-age insurance is heavily subsidized from the State Treasury, over 28 per cent of the accounts become inactive after three or four years.

3. The pensions actually acquired are pitifully small.

A good deal has been said about voluntary activity of American trade-unions in the line of benefit funds. I doubt whether the financial condition of the American Federation of Labor has improved much in the last 10 years. In 1908 the United States Government, through its Bureau of Labor, made some investigation of all its matters. These figures are contained in the Twenty-third Annual Report of the United States Bureau of Labor, a volume of some 700 pages, a copy of which is readily available to every member of the committee and probably found in this very room. I have summarized the results of that investigation in my book and have ascertained that the voluntary sick benefits of the American trade-unions at that time covered approximately less than one-half million persons, and that even if a good many other types of voluntary insurance organizations are included the total number of persons for whom data were ascertained in 1908 did not exceed much over 1,100,000.

This is not in any criticism of labor unions. They had other problems to deal with. The report states that in 1909 the total amount of unemployment benefits paid out by the labor unions was about \$536,000, and in 1910 it did not amount to more than \$240,000.

It is always easy to go into ecstasies over what voluntary insurance has accomplished. Two weeks ago before the State legislature in Albany we were discussing the question of compulsory health insurance, and the proposed bill was opposed by a representative of American fraternal orders on the ground that compulsory insurance was unnecessary; that voluntary insurance was sufficient because thousands already carried voluntary sickness insurance with fraternal orders. I have no reason to doubt that statement, but the trouble with it is that where thousands were covered by voluntary social insurance there were 2,000,000 workingmen in the State of New York who were not so covered and for whose benefit compulsory social insurance is being advocated.

The European countries which have recently introduced compulsory insurance could show much larger results with voluntary efforts than we have ever been able to achieve or that we may be able to achieve within the next 10 or 20 years on the voluntary basis.

France has over 5,000,000 persons carrying voluntary sickness insurance in their benefit funds.

Great Britain had over 6,000,000 members of their fraternal societies, but nevertheless Lloyd George says:

What is the explanation that only a portion of the working classes have made provision against sickness? Is it they consider it is not necessary? Quite the reverse; in fact, those who stand most in need of it make up the bulk of the uninsured. Why? Because very few can afford to pay the premiums continuously which enable a man to provide against these contingencies. There are a multitude of the working classes who can not spare that, and he ought not to be asked to spare it, because it involves a deprivation to children of the necessities of life.

Here is the way in which voluntary systems work: I know of a fairly successful voluntary sick and death benefit organization in New York City, with a membership of some forty to fifty thousand, but nearly 10,000 new members must be gained every year in order to compensate for the withdrawals and keep the strength of the organization unimpaired. Think of the enormous waste of effort which this constant losing and finding of 10,000 members every year must represent.

A good deal has been said here about benefit funds of the railroad employees' organization.

This problem is not the problem of railroad workers so much as it is the problem of the 7,000,000 working girls who are working for from \$5 to \$8 a week. The voluntary system has been tried and found wanting.

The complaint about the compulsory system is that it does not leave the worker any choice. But the compulsion is not really upon the worker but upon the manufacturer or the employer. Let the employer complain against it. The employer considers it an additional charge.

I have no quarrel to pick with the employer who complains against the compulsory system, though even he may be wrong in disregarding the advantages that he may derive from the improved health of the employees.

I have no quarrel to pick with the National Civic Federation for its disreputable attacks about my efforts in the State of New York, because it is only what I might have expected, but one of the saddest sights to me was to see at Albany representatives of labor arguing side by side with representatives of the employing capital against a measure intended to protect the health and well-being of the wage-workers.

Mr. LONDON. The motives were different.

Mr. RUBINOW. To be sure the motives were different, and I have not yet lost hope that we may overcome this opposition of organized labor, even if I have almost given up hope that I can convince the official head of the American Federation of Labor.

The error he makes is in assuming that this is a party measure. I think that the evidence during the two days' hearings before this committee has demonstrated that social insurance has ceased to be a party demand and has become a broad social movement.

I want to state here most emphatically that in my official position as executive secretary of the social-insurance committee of the American Medical Association I am authorized to state that the American profession is heartily in support of Mr. London's resolution, and, furthermore, that it is committed to the general principle of social sickness insurance in this country.

We need not fear compulsion such as Mr. Gompers fears. Compulsion must be justified. But I do not know of any stronger justification than the necessity of abolishing poverty and destitution, and I want to plead for the millions upon millions who are starving because their fathers had scruples against compulsion.

Mr. GOMPERS. I would like to have a few minutes, and in addition I would like to ask that you give a few minutes to J. W. Sullivan, a member of the International Typographical Union, a student, writer, and traveler, and who is probably as familiar with the subject of social insurance as any man in America, even though he is not an actuary or statistician.

Mr. KEATING. The committee will be glad to hear from Mr. Sullivan and from you.

Mr. GOMPERS. I want to call your attention to the fact that the quotation which Dr. Rubinow read from his article, I submit, is essentially the same as that which I gave this morning as an extract from his statement. He repealed his contention just now, saying that in 12 years, despite trade-union action, the condition of the workers had deteriorated; that is, there has been a loss of 15 per cent in the purchasing power of the wages—in other words, that their condition has deteriorated to that extent. If that is true, then trade-unionism is a failure.

Mr. LONDON. But, Mr. Gompers, trade-unions can not control the cost of living, can they?

Mr. GOMPERS. If trade-unions can not secure an improvement in the condition of the workers, they are a failure. If, despite the activity of trade-unions, the workers are worse off after a period of 10 or 12 years, then trade-unions are failures. Now that is all there is to it. Dr. Rubinow tried to say that this is so and then to say that he is "a friend of trade-unions." It is inconsistent. Dr. Rubinow said that the only change that has occurred commensurate with the condition of the wageworkers was the contribution to the family funds by other members of the family. That may be true in a comparatively few instances, but it has no basis in fact so far as the wageworkers of America are concerned.

Dr. Rubinow has quoted a number of statisticians and has wound up in each instance by calling attention to the fact that these statisticians have quoted his article. This morning, during my statement, I submitted correspondence between the Commissioner of Labor and the Secretary of Labor on the one hand and Mr. J. W. Sullivan on the other, in which the very table on which Dr. Rubinow founds all his statements, and upon which all of these statisticians found theirs, is questioned and successfully questioned. I commend the correspondence to the consideration of the committee, and also to the other ladies and gentlemen here who may be interested.

Now, I do not want to misquote a man or misstate his position, but I understand Dr. Rubinow to say that all the activities of trade-unions can have no influence upon the girl who earns \$6 to \$8 a week.

Dr. RUBINOW. No; I said upon the widow of the man who is dead.

Mr. GOMPERS. I am speaking of the girl who earns \$6 to \$8 a week. And let me say this, that due to trade-union activities conditions for working girls have improved, despite the fact that they are not organized. Before Mr. London was Congressman London he helped in the organization of the girls in the needle industries of New York, and I doubt that he will say there has been no improvement in the conditions of the working girls in the needle trade in the past 12 years. I do not think he will substantiate any such statement. The conditions which have improved with the girls in the needle trade are beyond conception in wages and hours and conditions of labor. It is not half good enough, not half what it ought to be; but to say that these conditions have not improved in 12 years is to fly in the face of evidence patent to any man who thinks and studies and observes.

I want to say a word in regard to my insurance. I was not always 66 years of age. I was married when I was a very young man, or rather a young boy. Before I was 19 years of age I was a father, and I can scarcely remember the time when I did not have six children.

I refer to this fact simply to show that I have tried to lead a consistent life. I have not mouthed principles and convictions; I have tried to live them. I was opposed to this graft and the extraordinary profits of these private insurance companies, and I would not be insured. My wife and my children when they were young had to take their chances, the same as the wife of every man and the children of workers have to take their chances. And they haven't a blooming thing now. When I die they will have \$550 from the organization which I am so proud of having helped to establish. There is not much more than \$550 that the "old girl" will have when I shuffle off. She will have to get along as best she can to make her lot with the women of America and the wages of wage-workers.

Mr. Chairman and gentlemen, let me say just this one thing and I shall stop. It is so easy, you know, for others in other walks of life to have so little understanding that they would be willing to take away the liberty and the freedom of the wage earners. You must bear this in mind, too. I have not made any attack upon the Socialist Party. I have no desire to make it now. I am merely calling attention to it, as it has been presented by the representatives of the party and take that as a basis for my statement. But this I want you to bear in mind. Our friends, the Socialists, have a concept of government in which there is no individual liberty. The concept of government of which the Socialist dream is a government of governmental control, of governmental regulation. I will concede this fact that they would have in mind that the people ought to be the government, and hence the people should control through the government. Now, I am not going to take your time with a discussion of this—I will not dignify it by calling it a philosophy—let me say that it may be a scheme, or it may be a dream, but whatever it is, that is the idea, and everything that will tend toward governmental control and regulation conforms to the philosophy or the ideal or the dream. They advocate the doing by the Government to-day of the things that will tend toward that ideal.

Now, I am not the author of very many books, nor am I regarded as a statistician or an economist, but I have studied socialism, and I have studied socialism from its most profound and recognized writers and spokesmen. During my early manhood I sacrificed much time in trying to learn to read the German language in order that I might read the German literature, the best contributions to the study of socialism, in the original. That was before the time when rich men endowed that school of philosophy, and, therefore, before these works were translated into the English language.

I referred during the recess to certain books published by German socialists that these present-day socialists here it seems have never read, and I suggest that they might read them. I know what the philosophy means, I know what they have in mind. Socialists advocate a theory of the cooperative commonwealth and government ownership of all means of production and distribution, the government to be the thing, the ideal. To strengthen the state as Frederick Howe says, is to devitalize the individual. I am not a pessimist. On the contrary I believe I may justly call myself an optimist. I believe in the people. I believe in the working people. I believe in their growing intelligence. I believe in their growing and persistent demand for better conditions, for a more rightful situation in the industrial, political, and social affairs of this country and of the world. I have faith that the working people will better their condition far beyond that which is to-day.

The position of the organized labor movement is not based upon misery and poverty, but upon the right of the workers to a larger and a constantly growing share of the production, and they will work out these problems for themselves. If the Government by aiding the people can contribute and will contribute toward this voluntary movement for social insurance for the workers, it will have done nothing to place an obstacle in the way of initiative on the part of the toilers; will take away nothing of their rights and their liberty; and the workers will keep within themselves the power and control over their lives and their work.

I am apprehensive that the attempts of Government under the guise of compulsory social insurance for the workers in cases of unemployment, sickness, and disability will result in every Government agent going into the homes and the lives of the workers as a spy. We have enough already of spies and detectives coming into the lives and workshops of the toilers. After centuries of struggles, during the past 20 years we concentrated our efforts in an agitation that has gone through the whole country to secure from the hands of Congress a larger liberty of action than has ever been accorded to the working people of any country on the face of the globe in the entire history of the world. After years of struggling to secure these things we are not going to let go, we are not going to submit. As I live, upon the honor of a man, and realizing the responsibility of my words, I would rather help in the inauguration of a revolution against compulsory insurance and the regulation than submit. As long as there is one spark of life in me—of my mentality, whatever that may be, of my spirit—I will help in crystallizing the spirit and sentiment of our workers against the attempt to enslave them by the well-meaning siren songs of philosophers, statisticians, and politicians. We propose to work out our problems day after day, week after week, and

year after year. We are not afraid. We are not running away from the struggle. Nor is it fair to say that the men and women of organized labor are the aristocrats of labor.

Let me give you just this little thought: You will find that every one of our friends who are opponents of our point of view and our movement are always saying that we have never given attention to unskilled workers. Do you know why that is? The fact of the matter is that there are as many if not more unskilled workers organized and in the American Federal of Labor than there are really skilled workers. The fact is, Mr. Chairman, that when workmen and workwomen organize they pass from the common concept of unskilled workers into the ranks of the skilled, because they have manifested some little skill in organizing. What are hodcarriers and common laborers? Skilled workmen? What are laborers in machine shops and in foundries but common laborers? What are street car men and conductors but unskilled workmen? Some have a little more skill than others in the operation of a car or the collection of fares. But they have organized, and as a consequence they decrease their hours of labor and increase their pay. You hardly regard them as among the unskilled.

I have already said we are giving every ounce of energy within our power to help the unorganized to organize so that they may help themselves, and the effort of the organized labor movement to increase wages, shorten hours, improve conditions has not only its advantages to the organized, but it is bound to have its influence in improving the conditions of the unorganized.

I trust that the committee will report a resolution or tentative act which I submit, providing for an investigation of this entire subject, and that the committee will have in mind, and that Congress will have in mind, the necessity for helping in ascertaining the facts, so that if voluntary social insurance shall be inaugurated under the assistance or guidance or administration of the Government it may be inaugurated, but there will be safeguards for the fundamental principles of liberty and freedom of the workers to obtain which they have given so many, many years of hard work and struggle and sacrifice to attain.

I would like to ask you to permit Mr. Sullivan to speak for about five minutes.

Mr. KEATING. I find it will be necessary to limit the witness, because the hour is so late. You can, perhaps, make your statement in 5 or 10 minutes.

**STATEMENT OF MR. JAMES W. SULLIVAN, GENERAL LECTURER,
AMERICAN FEDERATION OF LABOR.**

Mr. SULLIVAN. I shall begin with an aside. It may have been in 1889 or 1890, the headquarters of the American Federation of Labor being at 14 Clinton Place, when Mr. Gompers and I were one day walking on Broadway, and the question of insurance came up. I had always thought that insurance was a pretty good scheme. Mr. Gompers expressed the same views of it then that he did to-day. We didn't argue it out, but on that occasion, as on many others, we agreed on mutual toleration. I have always thought that, on

the whole, it was better to insure. But I can bear testimony that it is no new thing for Mr. Gompers to declare he would not insure.

There are three points I wish to make which affect the essence of Dr. Rubinow's statement.

I. The matter of statistical presentation of the voluntary social insurance results in the American labor organizations is a point not understood by European statisticians. In the usual comparative national statistical tables on this subject, printed in Great Britain, in Germany, in France, in Italy, the United States is quite at the end of the list in trade-union benefits. Not only when Mr. Gompers and I were together in Europe, but on many occasions European labor officials and statisticians have asked me about our backwardness in this respect. It is a matter of the facts against stating the facts. For example, you have heard Dr. Rubinow say that in the American Federation of Labor annual report the tables show for the national unions the social insurance receipts have been annually only slightly more than \$500,000, and yet our own International Typographical Union alone spends nearly \$500,000 a year in old-age pensions and death benefits. The explanation of these American Federation of Labor tables is twofold: First, our unions are not strong on general statistical statement, and, secondly, the benefits work is done in local unions rather than through the international unions, the local unions not reporting to the international unions. That is a thing the Europeans do not understand, as their benefits are administered by their national organizations.

II. As to the cost of living, Dr. Rubinow asserts in his book that the cost of living had increased 154 per cent from the level of 1890-1900 to 1913, and he tells us that these figures came from the Federal Bureau of Labor Statistics. That is true. When the bureau got up into the sixties—if my memory is correct, it was 68 per cent advance—I thought it was time to call its director's attention to its tables of prices. I wrote to Secretary Wilson giving facts to show that the tables were much in error. The most striking point in the reply of the officials of the bureau to me was that they had intended to reform their methods; had so decided before I wrote them.

The 154 per cent of advance in prices in America was made up on the statement of the cost of 14 articles, 8 of which referred to meat. Now, everybody knew that meat was to go up in the United States progressively as the open-range system of raising cattle in the West was abandoned. Mr. Armour wrote a book in 1906 foretelling that course of the market and the newspaper writer on economic questions foresaw it. Now, meat was the factor that mainly caused the bureau's percentage to rise.

As the doctor has said, these 14 items probably referred to about 50 per cent of the cost. In figuring the cost of living, even of the working classes, the bureau statisticians did not take into consideration the whole 100 per cent, but only that probable 50 per cent, this being more or less subject to error. All that is in my correspondence with the bureau officials, which I hope will be printed. I do not want the impression to be abroad from here that we admit that the alleged 154 per cent was anything near well founded. It was not. And the Secretary of Labor knows to-day that those statistics were not correct, and that the whole comparison was not based on facts—proven, cold facts. That is the nub of that whole comparison and argu-

ment, which has crumbled to pieces. We have all these doctors and professors who wrote complimentary letters to Dr. Rubinow in deep error. Long ago the decision was made by the labor men in this country not to wait for the pronouncements of academicians before acting for themselves in the affairs of trade unionism. If we had waited for their advice and support, there would never have been the American Federation of Labor of to-day. Thirty to forty years ago learned economists were telling us of the impossibility of considerably raising wages in spite of the laws of supply and demand or in the absence of sufficiently increased production.

III. Lastly, through the courtesy of the doctor, I have a copy of his book in my hands. I wish to direct your attention here to the extent to which voluntary social insurance prevails throughout the world, as stated in the doctor's own compactly drawn up summary.

1. Accident compensation or accident insurance has been established practically throughout Europe and throughout many British colonies.

Compensation commonly stands quite apart from the other features of social insurance. Compensation is a right that belongs to the workers in the operation of industry. It has been so accepted throughout the United States by all the predominant forces in our political parties, and of course by the American Federation of Labor.

2. Compulsory sickness insurance has been introduced in about one-half of the large countries of Europe, namely, Germany, Austria, Hungary, Norway, Great Britain, Servia, and Russia, and voluntarily subsidized sickness insurance in France, Belgium, Denmark, Sweden, and Switzerland.

Mr. LONDON. That was written before the British law was adopted?

Dr. RUBINOW. Roumania, Holland, and Great Britain since then.

Mr. SULLIVAN. Observe that France, Belgium, Denmark, Sweden, and Switzerland, those highly civilized countries, have not accepted compulsory sickness insurance.

3. Compulsory old-age insurance exists in Germany, Luxemburg, and France, and old-age pensions in Denmark, Iceland, Great Britain, France, Australia, and New Zealand, and voluntary subsidized State systems of old-age insurance in Italy, Belgium, Servia, and Spain.

Mark you again, the countries which have the voluntary forms. It was not easily possible for the doctor to put in his summary the comparative failures, especially in France, of compulsory old-age insurance. He has it noticed in his book further on.

4. Unemployment insurance by means of subsidies to workingmen's voluntary organizations is rapidly spreading in large European cities, exists by national law in Norway and Denmark, and the first compulsory unemployment insurance system has been established in Great Britain.

Only partially in Great Britain—only in seven trades. (That is my addition.) To show how far we are in this country from unemployment insurance, I may relate this experience: As a member of the executive committee of the mayor's committee on unemployment in New York I several times brought up the point that in their voluntary insurance of unemployment certain municipalities of Belgium and some in France and a few in Germany paid to the trade-unions a percentage of what the unions had given to their unemployed members. This is called the Ghent system. If a union gives a thousand dollars in insurance, the city of Ghent pays to its treasury five hundred.

In Great Britain, with 600,000 or 700,000 union members under the volunteer system, one dollar in six is the subsidiary to the unions. But when it came down to the solid matter of recognizing the enormous social work in unemployment being done by the 400,000 members of the unions of the city of New York the community showed no readiness to adopt even the Ghent voluntary principles. This indicates how far this country is from adopting any system of unemployment insurance and by what slow degree it is necessary to proceed.

5. The first beginnings of a national system of widows' and orphans' pensions have been made in Germany.

To conclude, I have been benefited greatly by attending this hearing, Mr. Chairman, and have been pleased to hear the views of the advocates of compulsory insurance. I have no doubt everyone here hopes that an agreement may be arrived at by which a bill which it will be possible to pass in Congress will be agreed upon by the different parties. I hope to have the assistance of Dr. Rubinow in devising a voluntary system. Let us practice toleration and give recognition to whatever good and practical points may be brought forward. We of the trade-unions believe that these gentlemen supporting Mr. London's bill have tread on thin ice in their statements, in the form of statistics or otherwise which reflect on the efficiency of trade-unionism, and that such statements will bring them undoubtedly into deserved criticism.

Mr. LONDON. Just one question. Do you contend that there is no increase in the cost of living?

Mr. SULLIVAN. I did not say that.

Mr. LONDON. That is all.

Mr. KEATING. It is appropriate that these hearings be closed by affording a lady the opportunity to have the last word.

ADDITIONAL STATEMENT OF MISS JULIET STUART POYNTZ.

Miss POYNTZ. I should simply like, in conclusion, to pour a little oil upon the troubled waters that we have seen here to-day; to try to see just where we stand on this subject.

In spite of the heat that has been in evidence at times here, it seems that the situation is remarkably satisfactory. Everybody who has appeared before this committee favors an investigation of social insurance. There have been differences as to the type of social insurance which might ultimately be put into operation. That only goes to indicate the necessity of still more counsel and investigation of the subject, and I believe that while Mr. Gompers expressed his violent antipathy to the compulsory insurance, he would be willing to have the subject looked into, would you not, Mr. Gompers?

Mr. GOMPERS. You are pouring oil splendidly on the troubled waters. Proceed.

Miss POYNTZ. What we want in this subject is light, and we don't want to shut out light from any direction. I wish to point out also that while this bill is introduced by Mr. London, one of the dangerous kind and undesirable kind of animals from the point of view of various people, a Socialist, nevertheless, the people who have appeared before the committee for the bill, for the idea of investigation

of social insurance, have been of all political and economical persuasions. You will find here a Republican like Mr. Miles Dawson, and I believe there have been Democrats, have been Socialists, all political parties represented, and all parts of the labor movement also.

I may say that while it is true that there have been those who are identified with social work there have been those who have appeared and spoken for labor. I spoke from that standpoint, for I am an elected official of an organization comprising 50,000 workers, and my sole interest is from the standpoint of labor. And I will say also for the benefit of Mr. London and Dr. Rubinow and the other Socialists who are here that they are here not to prove a theory, not to establish a dogma, but to work for labor, as the Socialists always do work, for labor. That is not always well understood, and it is just as well to have it put in the record here. If the Socialist movement meant anything but the labor movement, I am sure that many people who spoke here for this bill would not have spoken for it. I say that with the hope that this revelation of my sympathies will not prejudice the committee against what I had to say, because I can assure them that their ideas are not as trade-unionists or socialists, but as general students of these phenomena.

So that, as a matter of fact, we have had all elements in the community. We have had every different kind of political opinion, every different kind of labor opinion, united in a demand for an investigation into social insurance. If Mr. Gompers does not approve certain features in Mr. London's bill, and if Mr. Dawson does not approve of certain features, those are, after all, matters of detail. The principle of an investigation into social insurance is approved on all sides, and it seems that if this bill comes up for hearing it would have very strong support from all elements of the country, and you would have a chance to pass it.

Therefore, in conclusion, I want to register my plea that the committee will consider this matter carefully, and that the matters that have been brought up here as side issues will not be given a great deal of importance. We have had discussion of matters that do not enter into the question whether we shall have social insurance or not. That is the primary question, and that is the essential point on which I hope you will reach a decision.

Mr. KEATING. The committee thanks the witnesses for their attendance.

(The committee, at 6.15 o'clock p. m., adjourned subject to the call of the chairman.)

APPENDIX A.

EXTRACTS FROM PRELIMINARY REPORT TO THE SOCIAL INSURANCE COMMITTEE OF THE NATIONAL CONVENTION OF INSURANCE COMMISSIONERS.

[By Rufus M. Potts, insurance superintendent, State of Illinois, chairman.]

PURPOSE OF THIS REPORT.

Among the most important and widely discussed questions before the people of the United States to-day are those concerning the adoption of various plans of social insurance. The general subject of social insurance as well as its various branches has been extensively studied and investigated in the United

States by the Department of Labor, by different private organizations, and by many different individuals, particularly social workers and professors of sociology and political economy in our universities. A number of these have made more or less complete reports and other publications giving the results of their investigations. Nevertheless, the knowledge of the general public concerning social insurance is very meager, excepting in regard to workmen's compensation. Before progress can be made toward solving the complicated problems involved in social insurance, it is necessary that the general public be interested in and educated concerning it, for, in the final analysis, it is only by the public gaining a full and correct understanding of the subject that constructive legislation thereon will be possible in the United States. Without such legislation nothing can be accomplished. Before our citizens and voters can be interested in social insurance they must know something about its fundamental principles.

A large number of European countries have had in operation different systems of social insurance for varying periods of time. The records and results of these experiments are chronicled in numerous Government documents, but these are diffuse and voluminous and not easily obtainable by the ordinary reader.

PLAN OF REPORT.

I have, therefore, prepared in plain and simple language so that the average person may easily read and understand it, and submit to the consideration of all citizens of the United States the following brief review of the origin, progress, and present status of social insurance. In this are treated, first, the economic and social conditions which have brought about circumstances which gave rise to the demand for different branches of social insurance. This is followed by condensed accounts of the efforts made in different countries and by different methods to meet this demand. From this I hope persons not familiar with this important subject may gain sufficient knowledge to become earnestly interested in it, and also that it may lead them to study it further in the more extensive books, Government reports, and other documents cited in which the details are more fully treated than is possible here.

DEFINITION OF SOCIAL INSURANCE.

The term "social insurance" is of comparatively recent origin and its meaning has not yet become entirely definite, although it has almost entirely replaced the older name, "workmen's insurance." It has been used by a few authors as including all those forms of insurance relating to contingencies affecting persons as contrasted with those affecting property, but such use would include common kinds of life insurance as well as some other forms which are not usually considered social insurance.

The following probably states as clearly as is possible in a definition the idea intended to be conveyed by most writers using the term.

Social insurance is a plan for making provision against the economic losses happening to wage earners and other persons of moderate resources and their dependents by reason of accident, sickness, maternity, disablement, old age, and unemployment by means of funds made up of regular contributions, either voluntary or compulsory, from the assured, their employers, and the State, or some of them, out of which indemnity for such losses are paid, and in this way distributing such losses throughout the entire community instead of allowing them to crush the unfortunate individuals to whom they happen. It may also include other social welfare features.

The following are other definitions given by different writers:

"Social insurance, in the American sense, may be said to comprehend all efforts, methods, and means to provide, in conformity to insurance principles, a sufficient pecuniary protection of wage earners and others in moderate circumstances against the economic consequences of industrial accidents, disease, whether general or occupational, incapacity for work, whether temporary or permanent, partial, or complete, but the result of accident, disease, or physical infirmity, and finally, dependence in old age resulting from sickness, infirmity, or even improvidence and personal neglect." (Frederick L. Hoffman, in *Conference of Charities and Corrections*, 1914, p. 349.)

"In brief, 'social insurance' may be defined as the method of organizing relief by which wage earners or persons similarly situated and their dependents or survivors become entitled to specified pecuniary or other benefits on the occurrence of certain emergencies. The right to these benefits is secured by means of contributions from wages or by the fact of the insured person's em-

ployment or by his citizenship or residence in the country." (24th An. Rept. Com. Labor, 1909, vol. 1, p. 4.)

A recent writer gives the following:

"The term 'social insurance' is as yet very little understood by the vast majority of English-speaking nations. The first necessary step, therefore, is not so much a technical definition as a description or, rather, circumscription of the term, and the distinction between social and ordinary commercial insurance may be best emphasized by first indicating the characteristics common to both." * * * "There is the comparatively small class of large and small property owners who are able not only to appreciate all of the economic advantages of insurance but to pay for them." * * * "But there is the very much larger class of wage earners or persons in similar economic conditions whose need of insurance is very much greater, because the hazards are many and grave, but who, nevertheless, are unable to meet the true cost of insurance conducted as a business. To provide them with such insurance or some equivalent form of protection has become the concern of the modern progressive State, and this is properly the field of social insurance." (Rubinow, *Social Insurance*, 1913, pp. 3 and 10.)

A very good description and definition of social insurance is given in a recent publication of the United States Public Health Service:

"As soon as certain economic risks have been recognized as menacing the wageworker and his family, the insurance method of meeting the risks has been used. These economic risks may be generally classified as those causing the death of the breadwinner in a family, the physical inability of the breadwinner to perform labor, and his inability to find employment. For a large proportion of the wage earners of any country these risks are too great to be provided for by individual effort and too little appreciated to be provided for even if the individual were able to do so. Hence, social provision through the distribution of loss has been found to be necessary. This kind of social provision has come to be known as 'social insurance.'" (Bulletin No. 76, Public Health Service, p. 48.)

NEW NAME PROPOSED.

I believe that it is very desirable to have a new name for the kinds of insurance which are now collectively termed "social insurance." When considered collectively these were at first called workmen's insurance, because originally devised to meet the emergencies occurring in the life of working classes. The term workingman, however, as commonly used, means one who works at manual labor for wages. But such insurance as workmen need is also needed and used by many others than manual wage earners, such as farmers, independent shopkeepers, and artisans, and the great and increasing classes of clerks and professional men and women. For these reasons the term "workmen's insurance" has dropped out of use, being replaced by social insurance. But this is not a good name, because the association causing its use is vague and far-fetched, and for the general public at least means something connected with the doctrines of the political party known as "Socialists."

Every person's initial attitude toward any new thing is determined by what its name means to him. If this meaning is vague or something he is opposed to, it will require much time and effort to educate him to a favorable consideration. But if the name has a pleasant or attractive association, then he will himself investigate and wish full information concerning it. What is desirable above all in relation to a universal system of insurance for the benefit of the whole people is that they should all be led to carefully consider and investigate its uses and advantages. In no other way can its successful adoption be secured under the popular government prevailing in the United States.

For these and other reasons I believe it is highly desirable to discard the term "social insurance," and I propose instead the term "welfare insurance," which I regard as much more desirable in every way. In the first place, it is accurate, for it describes correctly and fully the aim of all kinds of insurance included, which is the maintenance of each individual member of our citizenship in the condition or state of well-being. In the second place, it has no misleading associations.

The word "fare" has two meanings. One is "food"—good fare means good food; the other (its signification in welfare) is state or condition. "Welfare insurance," then, is the use of insurance principles or methods for the purpose of furnishing the pecuniary resources necessary to maintain each individual citizen of the United States in a state of well-being throughout the various emergencies

of life which would otherwise destroy their well-being and replace it by poverty and suffering. It does not mean the invention or discovery of any new kind or kinds of insurance. It is simply the use of old and well understood insurance methods for the purpose of making preparation for the results of accidents, sickness, premature death, maternity, disablement, old age, and involuntary unemployment. A single one of these is sufficient to bring want and destitution into the life of any person who has no provision against them either by an accumulation of property or by insurance.

I believe that the substitution of the term "welfare insurance" instead of "social insurance" would be of immense service in bringing about the adoption of this kind of insurance and urge this change by all interested in making more secure the welfare of all the people of the United States through insurance methods.

GENERAL THEORY OF INSURANCE.

The general reader not familiar with the theory of insurance will better appreciate the advantages and adequacy of insurance methods to make provision for the casualties and emergencies of human life after a brief explanation of the fundamental theory of insurance. It originated in the Middle Ages as a method of protecting merchants and shipowners against bankruptcy by shipwreck, pirates, and other perils of the sea. This was accomplished by an agreement between the merchants and the adventurer, by which, in consideration of the payment by him of a part of the expected profits the others agreed to share any loss which might occur. The same principle was subsequently employed to protect owners against loss by fire, lightning, hail, tornado, or burglary, and individuals or their dependents against accident, sickness, or death, as well as other contingencies. The mathematical basis of insurance can perhaps be best understood from the example of fire insurance.

Experience extending over long periods of time has demonstrated that every year, everywhere that men live, some of the buildings in which they live, together with their contents, will be burned up by fire. When statistics are accumulated covering large territories, it is found that, taking a certain area, the number of fires occurring annually will be approximately the same. Suppose that this approximate number of annual fires is 1 house burned in each group of 300 houses and that each of these houses was worth \$3,000. Then, if at the beginning of each year each house owner paid \$10 into a common fund, there would be provided \$3,000, which, paid to the owner whose house happened to burn, would enable him to rebuild his house. Thus by parting with \$10 each householder would be rendered secure (or insured) against a possible loss of the total value of his building by fire. The plan effects a distribution of loss. It substitutes for each owner a relatively small certain loss (payment) of money for the ever-present chance or possibility of great loss by fire, termed the "fire risk."

This is to the great advantage of all the property owners, for each can much better endure parting entirely with a small sum than sustain the apprehension throughout the whole year that he may suffer total loss of his house by fire. Exemption from the resulting continual fear and dread is cheaply purchased by the relatively small contribution to the fund out of which the individual victim of fire is indemnified.

This example does not take into account the absolutely necessary cost of collecting, safekeeping, and disbursing the fund, nor is the number in the group mentioned nearly large enough to bring into operation the "law of average" in relation to the occurrence of fires, but it is sufficient to show clearly the very simple fundamental principle on which fire insurance and all other insurance as well is based, which is technically termed "distribution of risk," or better perhaps, "distribution of loss." The plan of the theoretical example given above is the basis of all legitimate insurance.

The theory of insurance is sound on mathematical, scientific, psychological, and social ground. Its enormous and constantly increasing use in modern times prove its benefits, even though it has, unfortunately, usually been carried on by commercial corporations only on a cumbersome competitive plan, so that the cost of the premiums over and above the amount actually returned to the policyholders suffering loss has been exceedingly and unjustifiably large.

It would be hard to frame a more impressive and correct statement of the usefulness and scope of insurance under present-day conditions than that stated by the late Chief Justice Ricks, of the Supreme Court of Illinois, in the

course of a decision involving the question of the interest of the public in the business of insurance:*

"The business of insurance is the outgrowth of time and the demands and necessities of the public. It extends into and covers almost every branch of business and all the relations of life and is applied to all the hazards of business in life where a basis of risk and compensation can be estimated. In all the stages of life, from the cradle to the grave, it asserts an interest and offers succor and aid. In the business enterprises, whether by land or sea; in the possessions of men, from a pane of glass to the mansion or the factory; in his undertakings, involving every chance, misfortune, moral turpitude, or the act of God, it demands admission and promises indemnity, reward, or gain. It poses as the faithful and zealous trustee of the earnings and savings, and promises to the widow and orphan a guaranty against misery and want. It intercedes between principal and agent, master and servant, contractor and owner, and insures against loss from almost any and every cause. It is a public necessity, that deals in its own credit for a cash consideration from the assured, and is stamped with public interest, and must yield obedience to necessary and proper regulations by the State in the exercise of its police power."

One of the main aims of social insurance is to replace charity, whose gifts to any man able to work are morally and industrially harmful, by a plan of assistance and relief founded on self-help and social justice.

NEED FOR SOCIAL INSURANCE.

After one understands what social insurance is the question naturally arises in his mind whether there is in the United States at the present time any need for such a system, and, if so, to what extent it is needed and the best method by which it may be put into practical operation.

The happiness and prosperity of the whole population of the Nation—the greatest good of the greatest number—should be the supreme purpose of all political and social institutions. Even from the mere financial standpoint the people of the Nation are its chief asset and human efficiency is the basis of all industrial or financial achievements.

Any governmental institution, any social plan, such as social insurance, which gives good promise of contributing to the welfare of the almost incomprehensibly great number of men, women, and children composing our population is worth the most careful and earnest consideration of every patriotic citizen?

Is, then, the condition of the mass of our people such that betterment is needed?

On the answer to this question depends our conclusions as to the necessity and desirability of social insurance in the United States. It must be admitted that the welfare of the masses of the population of the civilized nations of the world is (or rather was, prior to the present great war) higher than ever before in the history of the world. It is possible that there was a century or two in the so-called Augustinian golden age of Rome when the welfare of large numbers of the subjects of that Empire, then almost universal, was relatively high; but when it is remembered that many, perhaps a majority, of its population were slaves, there is no comparison whatever of the welfare of the masses of the people at the present day with even that of the golden age of the greatest Empire of the past. At the present time (excluding again the great war) in all civilized nations the life of the individual is safer, while food and clothing are more abundant than ever before; many of the great infectious and contagious diseases have been almost entirely eliminated and others are partially curbed, so that the average span of human life is considerably lengthened; education is free and universal; opportunity to travel is open to greater numbers than ever before, and there are many pleasures and even luxuries within the reach of the common people which were unattainable even by the wealthy in former times.

There are no direct statistics in existence showing the extent of poverty in the different ages of the world's history. All that can be obtained are inferences drawn from statistics on other subjects and the conclusions of students of economic history. These agree that the poverty of to-day is less than it was a century ago in civilized nations, and that of a century ago less than the previous age, and so on back to the time when the common people were serfs bought and

* North American Ins. Co. v. Yates, 214 Ill., 272 (275).

sold with the land. Those formerly maintaining that poverty is increasing are now abandoning their contention, but only make the complaint that the workers are not securing a fair share of the great increase of wealth on account of the existence of an imperfect and inequitable system of distribution of the products of labor. That the system of private property in land and chattels and the capitalistic industrial system is not the cause of poverty, as sometimes alleged, is proven by the fact that in savage nations, where there is practically no private property, the worst poverty exists, and that in India and China, where the capitalistic industrial system is practically nonexistent, there is tenfold worse poverty than in nations where that system is in extensive operation.¹

The best treatment of this subject which we have found is by Prof. Simkhovitch, of Columbia University, in his work on "Marxism v. Socialism" (1913), in which he devotes Chapter VII to the subject of "Increasing misery." He cites numerous statistics and reports of commissions in the United States and other countries which prove beyond any doubt that instead of poverty increasing among the masses during the past century it has been decreasing. For example, wages in general in Great Britain measured in goods that can be purchased rose from 45 in 1830 to 100 in 1900, these proportions being those of an "index figure" made up of the combined prices of ordinary foods and similar necessities of life. The Massachusetts Bureau of Labor Statistics (16th An. Rept. (1885), pp. 454 and 455), show that wages in that State increased from 1830 to 1880 52.3 per cent, while prices during the same period only increased 9.6 per cent. This refutes the contention sometimes made that although wages measured in money have risen, that when measured in purchasing power they have decreased.

See also report of Aldrich committee on retail prices and wages (Rept. 986, 52d Cong., 1st sess., 1892).

"If we compare the poverty of to-day with that of one century ago, we find all authorities agreeing that it has decreased both absolutely and relatively."

A recent writer familiar with the socialistic propaganda² refers to the socialists abandonment of the claim that poverty is increasing, or that the poor are growing poorer and the rich are growing richer, although this claim has been one of their chief assets:

"Now, as ever, the leaders of the Socialist movement rely for propagandist success upon two main factors—poverty and discontent. It is impossible, however, to ignore, much less to stem, the influences which are slowly but surely diminishing the sum and degree of poverty, and this hope of socialism is tacitly regarded as lost, though the Marxian fiction of the accumulating penury of the masses is still used for controversial purposes."

Viewing only these facts, one unacquainted with the actual conditions of life to-day among the common people might imagine that there was little demand for improvement, and that modern life was generally satisfactory, and that all the people at all time enjoyed bountiful fare and an ample supply of other necessities. Any considerable observation and experience of real life, however, shows that unfortunately this is not true, but that there unhappily prevails throughout every country of the civilized world, at the present day, an immense amount of poverty and the bitter suffering which results therefrom; and this is true even of the United States, the most favored country in the world, both as to natural resources, the intelligence of its people, and the freedom embodied in its system of government. This poverty and suffering and the discouragement and despair which it causes, lower the vitality and result in a marked lessening of the working capacity and efficiency of all men and women afflicted by it. This produces a reduction in the efficiency of the whole Nation, the same as vice and disease. Organized society should promote national efficiency not only by battling against disease and vice but also by preventing and relieving poverty to the fullest extent possible.

Estimates of the actual numbers affected by poverty in the United States are very widely divergent, ranging all the way from one to ten million. This extraordinary difference is due in the first place to the fact that little or no attention has been paid to the collection of such statistics in the United States, and in the second place to the fact that the estimates were made by persons of different temperament, having divergent sympathies and holding different definitions of poverty. Without stopping to define poverty or secure accurate

¹ Seligman, Economics, p. 687; Gunton, Wealth and Progress, p. 2.

² Catholic Enc., Vol. XII, p. 328.

³ W. H. Dawson, Evolution of Modern Germany, p. 452.

figures, these estimates are at least sufficient to show that there is much poverty; that there is suffering from it; that we should earnestly endeavor to eliminate or at least lessen as far as possible this misery which afflicts great numbers of our people and lessens our economic and national efficiency.

Knowing then the existence of widespread poverty and resulting misery and economic loss, before we can devise useful and effective remedies therefor we must consider what are its sources and causes. Social workers find that there are many causes, but they do not agree as to all of them, nor as to their relative importance. For our purpose it is sufficient that they can be grouped into two general classes:

(1) Those which are the results of the imprudent or evil conduct of the individual himself—such as idleness, drunkenness, vice. These are personal to each man and can not be removed by any system of social insurance. So far as betterment of the poverty resulting from these causes is concerned, it can only be accomplished by rational charity and personal reform from religious teachings, or other means of regenerating the fallen. Indiscriminate financial aid from any source furnished to those whose poverty arises from these causes only tends to perpetuate such poverty. If aid to such is attempted through compulsory insurance it is very unjust to the workers and the thrifty, because it deprives them of a part of the proceeds of their labor to feed and clothe idlers, drunkards, vicious, etc.

(2) The other broad division of the causes of poverty are those which occur without the personal fault of the sufferer, such as accident, sickness, premature death of father or husband, disablement, preventing ability to labor, involuntary unemployment, old age, etc. The statistics which will be given below in the detailed consideration of these various causes of poverty will show that the bitter sea of poverty which submerges millions of our people is fed largely from these nonpersonal sources.

The almost immediate effect of these causes in producing want and suffering arises in large part from the immense increase both relative and absolute in the number of men employed in manufactures and other industries which has separated more than half of the workers of the world from the soil and has herded them into industrial towns and cities where, when any interruption of employment does come, since all food must be brought from a distance and purchased at high prices, want and suffering begin as soon as there is a cessation of income. In the ages preceding the industrial revolution, when the masses of the population lived directly on the land, although there was a greater percentage of population in a state of poverty, still actual suffering for food did not begin as quickly because there was nearly always some store of food on hand, and the standard of living was not so high, so that the pinch of poverty was not felt as quickly as at present, nor was its effect so severe.

It is only the poverty which is the result of causes unavoidable from the standpoint of the individual and occurring without his personal fault which can properly be prevented or alleviated by social insurance. For this class of poverty financial assistance through social insurance will not cause any debasement or degradation of the recipient, but, on the other hand, by enabling him to meet the inevitable emergencies and misfortunes of life, will upbuild and strengthen the character of the recipient, because the provision is the just result of his own foresight and self-denial in contributing to create at least a part of the fund out of which the insurance relief is paid.

Upon a careful examination of the great mass of printed discussion on the subject of social insurance it will be found that a large part of the conflict as to the benefits and advisability of social insurance arises from the fact that there has been an unconscious confusion of these two classes of causes of poverty. On the one hand, we have those who, being strongly impressed with the effects of personal faults, believe that there is little poverty except as the result of willful idleness, drunkenness, and indulgence in vice and immorality by the worker, and that, therefore, social insurance would be unjustified if it was attempted to thereby relieve poverty in general. On the other hand, there are many tender-hearted social workers and students who, being controlled mostly by their emotions, when they see suffering from poverty, entirely lose sight of the fact that much of it is only the inevitable result of the sufferer's conduct, and strongly urge that this suffering must be relieved, whatever the cause may be. They consequently demand that society as a whole give this relief by a complete system of social insurance sufficient to afford instant and ample relief to every sufferer without the mortification of an appeal to charity, basing their argument on the undeniable fact that a considerable part of the existing misery

is not due to the fault of the sufferer. Although their motives are benevolent, it is contended that the social effect of the fulfillment of their plans would in the end be much worse than merely continuing present agencies for relief, because it would result in the certain pauperization of additional large numbers of our population who will inevitably become and remain miserable degraded parasites; but that the suffering but honest worker will usually be able to struggle up again to the self-supporting state with such assistance as charity can furnish.

CAUSES OF MISERY.

Keeping these general considerations in mind, let us turn to a brief consideration of the most important of the immediate causes of misfortune, see what their results are to the honest worker under present-day conditions, and also examine the statistics to see what the extent of each is, and compare them with those of other countries, in an effort to arrive at some conclusion as to what are the best methods of relieving or preventing suffering, taking all things into account.

ACCIDENTS.

In order to know whether there is any need for accident insurance it is necessary to first obtain some idea of the total number of both fatal and nonfatal accidents in the United States, and ascertain what proportion of these are industrial accidents—that is, connected with the occupation of the sufferer—and what part result from other causes. In relation to the nonfatal accidents we should know further what proportion produces total disablement, what partial disablement, and the total number of days' work lost on account of those in which there was a recovery.

Although exact accident statistics are lacking for some parts of the United States much attention has recently been paid to information covering accidents, so that there is now available reliable statistical information concerning accidents, from which trustworthy estimates and deductions therefrom can be made for the whole United States.

FATAL ACCIDENTS.

The latest general accident statistics available for the United States are those given in Bulletin 157, United States Bureau of Labor Statistics, issued March, 1915. In this it is estimated (p. 12), as the average of statistics covering several years, that in the whole United States there occur annually about 82,520 accidental deaths, of which 63,880 were males and 18,640 were females.

These tremendous totals immediately command the painful attention of every man and woman who has had sufficient experience in life to realize what an enormous amount of economic loss and of grief and suffering is caused to the victims and their families, as well as to the community in general, by this immense number of fatal accidents. Since these figures include all fatal accidents annually occurring in the United States, it is of course true that some of these victims either had no dependents or possessed sufficient means, so that their dependents were provided for by property inherited from them, but the number of the latter is very small when compared with the total.

The next question is, What part of these accidents were the result of the victim's occupation?

This is a matter of estimate only. Said Bulletin 157 states that 25,000 of these fatal accidents may be "safely assumed" (p. 17) to be occupational or industrial accidents. Doubtless a part of these had no families to suffer on account of their death, and a much smaller proportion had sufficient means so that their removal did not mean poverty to dependents. Fortunately there are some Illinois statistics which afford means for a fairly reliable estimate of the surviving dependents of victims of industrial accidents. In 3,084 fatal industrial accidents in Illinois, 1908 to 1912, inclusive, there were 4,872 dependents.¹ Assuming the same ratio in the 25,000 estimated annual fatal industrial accidents in the United States, there would be 39,500 dependents left annually without means of support.

NONFATAL ACCIDENTS.

There are not at present available any complete statistics giving the number of nonfatal accidents for the whole United States, but a fair estimate may be gained

¹ Bulletin 157, U. S. Bureau of Labor Statistics, p. 59.

by using the ratio between fatal and nonfatal accidents found to exist in Illinois. This proportion should apply fairly well to the whole United States, for practically all kinds of industrial activity are found in Illinois, and general vital statistics show that, under similar conditions, approximately the same ratio holds between fatal and nonfatal accidents in different States and nations. In that State, during the period 1908 to 1912, there occurred 3,084 fatal industrial accidents and 25,696 nonfatal accidents, which caused the loss of seven days or more time, the fatal accidents amounting to 1.2 per cent of the nonfatal. The latter affected 28,626 dependents.¹ Applying these proportions to the estimated 25,000 annual fatal industrial accidents in the United States we obtain the estimate of 208,301 nonfatal accidents, each causing more than seven days' loss of time, affecting 232,050 dependents for the whole of the United States.

It would be interesting and instructive to compare these figures with those of other civilized nations, but this can be done directly only in a few instances, for the reason that the bases on which accidents are reported are usually entirely different.

The German statistics include only those accidents which cause the victims to lose over 13 weeks; the French statistics those over 3 days' loss of time, while the Austrians give only accidents causing 4 weeks' loss of time. The Russian figures are perhaps nearest those of the United States, as from them can be obtained the accidents causing more than 7 days' loss of time. The total of such industrial accidents in 1906 was 33,250, and in the same year there were 367 fatal industrial accidents.² Consequently, the fatal accidents are 1.1 per cent of the nonfatal accidents as compared with 1.2 per cent of accidents of the same severity in Illinois. In Italy for the year 1902 the total number of industrial accidents causing over five days' loss of time was 57,617. During the same period the number of industrial accidents resulting in death was 430, or 0.75 per cent of the nonfatal accidents.³ When account is taken of the fact that the nonfatal Italian accidents included all those of over five days' duration, as compared with those of over seven days' duration in Russia and Illinois, it will be seen that the ratio in Italy between fatal and nonfatal accidents must approximate very closely that in the United States and in Russia. Consequently, the Russian and Italian accident statistics agreeing as nearly as can be expected with those in the United States, confirm the trustworthiness of the estimates made above for the total number of nonfatal industrial accidents annually occurring in the United States.

Some statistics for German accidents are given also in said bulletin 157, Department of Labor Statistics (p. 143). From these the following interesting comparison can be made: In 1912 the total number of German workers insured under the compensation laws of that nation was 10,178,577, among whom there occurred 6,594 fatal accidents, which is in the proportion of 65 fatal accidents per 100,000 workers. Taking the estimate of 25,000 fatal industrial accidents occurring annually among 33,500,000 workers in the United States, we have a proportion of 74 fatal industrial accidents to 100,000 workers in the United States. These proportions are close enough to show that the causes resulting in industrial accidents operate approximately the same throughout the civilized world, but that among the German workers insured against accidents the rate of fatal industrial accidents is somewhat lower than the general fatal industrial accident rate in the United States.

CAUSES OF INDUSTRIAL ACCIDENTS.

In order to arrive at an intelligent conclusion as to what is the most appropriate and equitable method for affording relief to workers and their dependents from the result of industrial accidents, it is necessary to consider the causes of such accidents. Very indefinite and conflicting ideas prevail among the general public as to the causes of such an enormous number of accidents. Many dogmatic assertions are frequently made, such as: "The sad but inevitable result of the use of machinery"; "the carelessness and ignorance of workmen"; "the present-time capitalistic organization of industry"; "the negligence, selfishness, and heartlessness of employers," etc. Unfortunately, concerning this feature, the statistics are not yet extensive, so that it is not impossible for honest

¹ U. S. Bureau of Labor Statistics, Bulletin 157, p. 59.

² See Social Insurance, Rubinow, p. 67.

³ *Ib.*, p. 67.

differences of opinion to exist concerning it. The following tables give the most recent figures concerning the causes of accidents:

Percentage distribution of industrial accidents according to causes.

[Social Insurance, Rubinow, p. 70.]

	France.	Germany.	Italy.	Russia.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Motors.....	0.24	0.64	0.42	0.39
Transmission of power.....	.74	1.20	.68	1.90
Machinery and implements.....	8.07	17.50	9.35	27.78
Elevators, cranes, etc.....	.88	5.03	.38	2.03
Steam boilers, etc.....	.12	.18	.11	.62
Explosives.....	.16	.64	.14	.04
Burning material, etc.....	5.76	3.53	6.00	5.04
Falling objects.....	16.76	15.08	17.95	7.70
Falls from ladders, etc.....	17.64	11.30	14.64	3.38
Handling heavy objects.....	19.08	14.02		17.11
Driving animals, etc.....	7.42	8.27		1.55
Hand tools.....	7.80	4.10	7.62	15.07
Miscellaneous.....	15.33	18.51	42.72	17.39
Total.....	100.00	100.00	100.00	100.00

General causes of compensated industrial accidents, experience of German industrial accident associations, 1885 to 1908.

[Bulletin 157, Bureau Labor Statistics, p. 145.]

Cause.	Compensated accidents.		Cause.	Compensated accidents.	
	Number.	Per cent.		Number.	Per cent.
Motors and transmission of power.....	210,558	21.01	Loading, lifting, and carrying.....	131,240	13.10
Lifts, cranes, etc.....	35,715	3.56	Teaming, vehicles, etc.....	61,878	6.17
Boiler and steam-pipe explosions.....	3,572	.36	Railways.....	40,355	4.03
Explosives.....	9,993	1.00	Shipping.....	10,089	1.01
Heat, acids, steam, gases, etc.....	33,089	3.36	Animals.....	13,968	1.39
Collapses or breakdowns.....	165,410	16.51	Tools.....	71,911	7.18
Falls from ladders, stairs, etc.....	162,074	16.17	All other.....	51,792	5.17
			Total.....	1,002,174	100.00

Causes of fatal accidents, under the Massachusetts workmen's compensation act, July 1, 1912, to June 30, 1913.

[Bulletin 157, Bureau Labor Statistics, p. 51.]

Cause.	Fatal accidents.	Cause.	Fatal accidents.
Railroad equipment.....	119	Excavating.....	14
Falls.....	66	Cranes.....	11
Vehicles.....	43	Miscellaneous (unclassified).....	11
Hand labor.....	37	Asphyxiation, drowning, etc.....	10
Elevators.....	33	All other causes.....	70
Electricity.....	25		
Street railways.....	20	Total.....	474
Boiler explosions and burns.....	15		

Causes of industrial accidents in Wisconsin, July 1, 1911, to June 30, 1912.

[Bulletin 157, Bureau Labor Statistics, p. 81.]

	All injuries.		Fatal injuries.	
	Number.	Per cent of total.	Number.	Per cent fatal injuries were of all injuries.
Motors—engines.....	12	0.23	.....	.....
Shaiting.....	24	.46	3	12.5
Gears.....	67	1.28	1	1.5
Belts.....	62	1.18	2	3.2
Pulleys.....	29	.55	.....	.....
ropes and cables.....	35	.67	.....	.....
Chains and sprockets.....	29	.55	.....	.....
Barkers.....	13	.25	.....	.....
Boring machines.....	14	.27	.....	.....
Calenders—paper machines.....	59	1.13	1	1.7
Conveyors.....	32	.61	2	6.3
Drills.....	14	.27	1	7.1
Emery wheels.....	75	1.43	3	4.0
Corn shredders.....	49	.94	1	2.0
Feed cutters.....	32	.61	2	6.3
Corn huskers.....	14	.27	.....	.....
Jointers.....	51	.97	.....	.....
Lathes.....	49	.94	.....	.....
Planers.....	29	.55	.....	.....
Presses.....	175	3.34	.....	.....
Rolls.....	55	1.05	.....	.....
Sanders.....	14	.27	.....	.....
Saws.....	247	4.71	.....	.....
Set screws.....	12	.23	.....	.....
Shapers.....	16	.31	.....	.....
Staying and ending machines.....	22	.41	.....	.....
Miscellaneous machines.....	308	5.88	5	1.6
Elevators.....	39	.74	2	5.1
Hoists.....	26	.50	.....	.....
Cranes.....	30	.57	1	3.3
Boiler explosions.....	11	.20	2	18.2
Escape of steam from pipes.....	22	.41	2	9.1
Electricity.....	36	.69	6	16.7
Explosions or explosives.....	39	.74	2	5.1
Inflammable, hot, or corrosive substances.....	293	5.59	.....	.....
Collapse, fall, or hit by objects.....	1,102	21.03	40	3.6
Falls from stairs.....	29	.55	.....	.....
Falls from ladders.....	78	1.49	1	1.3
Falls from scaffolds.....	128	2.44	8	6.3
Falls from buildings.....	38	.73	5	13.2
Falls down elevator shafts.....	15	.29	2	13.3
Falls into excavations.....	59	1.13	4	6.8
Miscellaneous falls.....	337	6.43	2	.6
Loading or handling heavy objects.....	600	11.45	1	.2
Teaming, draying, or hauling.....	182	3.47	5	2.7
Animals—bite, kick, etc.....	42	.80	1	2.4
Tools, hand apparatus.....	394	7.33	1	.3
Miscellaneous causes.....	192	3.66	5	2.6
Causes not specified.....	21	.40	1	4.8
Total.....	5,241	100.00	112	2.1

These tables show that direct statement as to where the responsibility of accident lies which is not usually attempted in statistics. This is because the question of responsibility is very frequently in dispute, the decision depending on interest, viewpoint, etc., of the various parties. This is the identical question which the courts are called upon to determine in accident litigation. Consequently it could not be expected that mere compilers of statistics would be able to accomplish much in this line. This lack of statistics is not as important as might seem on first thought, because the workmen's compensation laws for the purpose of furnishing relief to the victims of industrial accidents attach little importance to the question of locating a responsibility for the accident. In most of them, as we shall see later, compensation is given the victim unless the accident happens from his deliberate act and design, but the exception is sometimes also made of those accidents which occur through the serious or willful mis-

conduct of the employee. The only statistics bearing directly on the question of responsibility appear to be the following:

Analysis of 410 fatal accidents occurring in Pittsburgh.¹

	Number of times.	Per cent.
Accidents in which—		
Victim's fault was indicated.....	132	26.3
Fellow workman's fault was indicated.....	56	11.2
Foreman's fault was indicated.....	49	9.8
Employer's fault was indicated.....	147	29.3
None of these were indicated.....	117	23.4
	501	100.0

¹ Crystal Eastman: *Work Accidents and the Law*, p. 86.

Responsibility for industrial accidents in Germany.¹

Cause.	Percentage of all accidents due to cause specified in—		
	1887	1897	1907
Fault of employer.....	20.47	17.30	12.06
Fault of injured employee.....	26.56	29.74	41.26
Fault of both employer and employee.....	4.61	4.83	.91
Fault of fellow employee.....	3.40	5.31	5.94
General hazard of industry.....	44.96	41.55	37.65
Other causes (chance, etc.).....		1.27	2.18

¹ Social Insurance, Rubinow, pp. 74 and 75.

Analysis showing in detail the meaning of the employer's fault and the employee's fault in the above table.

	1887	1897	1907
Accidents due to the employer's fault:	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Defective apparatus.....	7.28	7.15	5.40
Absence of safety appliances.....	11.03	7.82	4.69
Absence of proper regulations.....	2.16	1.84	1.97
	20.47	16.81	12.06

The various methods adopted and proposed for dealing with the results of industrial accidents and the arguments for and against the same will be given fully in a subsequent part of the report.

NONINDUSTRIAL ACCIDENTS.

If, as stated above (p. 200), there are annually 82,520 fatal accidents in the United States, and accepting the estimate of 25,000 of these as industrial, there must be 57,520 fatal nonindustrial accidents yearly. Some of these nonindustrial accidents, of course, occur to the working men and women, who are exposed also to industrial accidents. The working classes are at least as liable as the general population to accidental death and injury on railroads and street cars, and from automobiles, lightning, cyclones, fires, and other casualties in their homes, accidental falls, drowning, violence by law breakers, and other kinds of injuries which destroy mankind in general. It is also evident that a fatal or disabling nonindustrial accident is just as productive of loss, suffering, and poverty to a worker and his or her dependents as a similarly severe industrial accident, but that there exists no right to secure any compensation from employers. Of course, some of these nonindustrial accidents happen to children, to single or aged, or wealthy persons, so that in such fatal accidents the legally

recoverable financial loss is confined to medical and funeral expenses and in nonfatal accidents is confined to the victim himself.

There are no statistics which afford an analysis of the 57,520 fatal nonindustrial accidents, but we can secure some particulars from the following:¹ In the first place, during the three years, 1910, 1911, and 1912, the average annual fatal accidents to those under 15 years of age were 9,859, to those 15 to 19 years of age, 2,778, of which it is safe to assume that not more than half, or 1,339, were to persons earning wages or a livelihood in other ways, but that few of them had others dependent on them for support. The average annual fatal accidents to those over 65 years or of unknown age were 7,482, of whom, however, so few earned wages or livelihood that they can all be considered as not supporting dependents. Of the remaining 37,401 it is not unreasonable to assume that including all nonworkers, wealthy, paupers, insane, defectives, criminals, women supported by their husbands, etc., that one-third of the accidents were without economic effect. Consequently, we arrive at the estimate that approximately 24,934 nonindustrial fatal accidents have economic effects which require accident insurance to protect the families of the victims, for such families need protection as badly as the families of victims of fatal industrial accidents.

Owing to the absence of statistics, the total number of nonindustrial accidents in the United States not fatal in their results can only be estimated. Applying the methods used (p. 200) to estimate the number of nonfatal industrial accidents, we obtain 479,258 as approximately the number of nonfatal, nonindustrial accidents producing more than seven days disablement occurring annually in the United States. Assuming that of this number the same proportion had economic effects, as in the case of fatal nonindustrial accidents, we get the immense number of approximately 530,018 dependents affected in the United States annually. Of course these figures are only estimates, but they are conservative estimates and the truth is very probably above rather than below them. They are lower than other estimates.²

SICKNESS.

Unfortunately statistics concerning the amount and results of sickness in the whole of the United States do not exist, the collection of such figures having been neglected by most of the States. By making estimates, however, based on the statistics of certain States—particularly Massachusetts, which has long collected vital statistics—and confirming these by the sickness statistics of certain other countries where they have been carefully collected we find that the social problems arising out of sickness are even greater than those from accidents. This is recognized by all students of sociology and practical social workers, who agree that sickness is the greatest cause of poverty and suffering in all civilized nations, including the United States.

Prof. Irving Fisher,³ estimates on the basis of complete vital statistics collected in England that for each death which occurs annually there are, on the average, two persons constantly sick. The indications are that the rate of sickness in the United States is higher than in England, but applying the ratio found to exist in England to the United States, where about 1,500,000 persons die every year, there must be about 3,000,000 persons seriously ill all of the time. This means an average of 13 days' sickness per annum for each inhabitant. He further estimates that in the United States the number of persons constantly suffering from tuberculosis reaches 500,000, of whom probably about half are totally incapacitated, while the remainder are able to earn only about half the ordinary wages. The Massachusetts health statistics further show that at the present time 4 per cent of the population of Massachusetts is on the sick list all the time, with an average loss each year to each individual in the State equal to two weeks annually, amounting all together to \$50,000,000 annually.

A recent writer⁴ estimates that the economic loss caused by tuberculosis is at least \$250,000,000 per annum in the United States. This writer also estimates

¹ Bulletin 157, U. S. Bureau Labor Stat., p. 18.

² Rubinow, *Social Insurance*, p. 55, estimates the annual number of industrial accidents in the United States at somewhere between one and two million, but this estimate seems to include all accidents, however trifling in character, and regardless whether any loss of time was caused or not.

³ *National Vitality, Its Waste and Conservation*, in the Report of National Conservation Commission (Nov., 1908).

⁴ Earl Mayo, *Outlook*, vol. 98, p. 3 (May 13, 1911).

that typhoid fever, which, according to the census of 1900, causes 33,000 deaths annually, inflicts a yearly loss of \$212,000,000. These estimates are indorsed by Prof. Seager, a recognized authority on social subjects.

Assuming that the amount of sickness at various ages corresponds with the number of deaths at that age, then there must be more than 1,200,000 men and women between 25 and 65 years of age sick at all times. These estimates are confirmed by the elaborate statistics on this subject which have been kept in Germany, where, among 13,000,000 persons insured against sickness, there were in 1908 over 4,200,000 cases of sickness, and the number of days lost were 104,000,000 or eight days for each person insured, or 20 days for each case of sickness.¹

There were in the United States, according to the 1910 census, 33,500,000 occupied men and women. Applying the proportions of sickness according to the German statistics to our working population, we have the following results:

Estimated number of cases of sickness annually.....	13,400,000
Estimated total number of days of sickness.....	284,750,000
Estimated loss in wages at an average of \$2 a day for six-sevenths of the above number of days lost.....	\$488,142,852

Turning from the consideration of the ravages or particular diseases to the effect of disease in general as a cause of premature death and thereby decreasing the average length of life, we gain an idea from another standpoint of the unnecessary loss of human life by disease. This conception is gained from the great lengthening of the average span of human life which has been accomplished during the past century by the advances and improvements which have been made in the prevention of a part only of the diseases which shorten human life.

In Geneva the records go back over three centuries, showing the following average length of life: Sixteenth century, 21.2 years; seventeenth century, 25.7 years; eighteenth century, 33.6 years; 1801 to 1883, 39.7 years. It is impossible to obtain American life tables that go far enough back to show an increase in the average length of life equal or similar to those available in European countries. From available data, however, it appears that in the States of Massachusetts and New Hampshire there has been an increase in the average length of life from 35 years in 1789 to 40 years in 1855, and to 45 in 1897.² According to a recent writer on the subject of "Prevention of Disease,"³ 42.3 per cent of deaths which occur could be postponed and 50 per cent of cases of serious illness prevented. Accepting these estimates as reliable, the average of human life is capable of being prolonged 12.3 years.

Because preventive measures have already accomplished considerable in the way of lengthening life by partially preventing disease and because there is a reliable promise of still more being accomplished in the future in this line, we must not jump at the conclusion that by prevention alone can distress and destitution on account of disease be wholly eliminated, so that insurance against

¹ Memorial on Industrial Diseases prepared by a committee of experts and presented to the President of the United States, Sept. 29, 1910, reprinted in American Labor Legislation Review, vol. 1, No. 1, p. 125. This memorial was signed by eminent medical experts and is conservative and as reliable as any estimate possibly can be.

² A recent bulletin of the Public Health Service in which the estimate was made in a different way is nevertheless in close agreement with the estimate given above as to the total number of days sickness annually in the United States. An entirely different basis was used in relation to the amount of loss of wages, so that the figures for that feature are much larger than the above.

³ It has been tentatively stated that each of the 30,000,000 workers in the United States loses on the average about nine days every year on account of sickness alone. This does not take into consideration the effects of sickness upon his own vigor and efficiency, or upon the welfare of his family, or upon the efficiency of the industry in which he is engaged. The estimate of nine days is a preliminary one based upon an investigation made for the United States Commission on Industrial Relations of nearly a million workers in representative establishments and occupations in this country. While the more complete statistics that are now being compiled may cause some revision of this estimate, it is interesting to note that it very nearly coincides with the German and English figures for over 26,000,000 industrial workers, which show an average of eight to nine days of wage at \$2 and the cost of medical attention at \$1 per day, the annual loss to the 30,000,000 wage earners on account of the nine days of sickness would be over \$800,000,000. This leaves out of consideration the losses due to death and to decrease in efficiency which follows illness. It also leaves out of consideration the effect upon the family when the breadwinner is disabled." (Bulletin No. 76, Public Health Service, p. 6.)

⁴ Irving Fisher, National Vitality, Its Waste and Conservation, in the Report of the National Conservation Commission (Nov., 1908), p. 638, et seq.

⁵ Sci. Am. Sup., vol. 75, p. 402.

the effects of sickness will no longer be necessary. The remarkable results which have already been accomplished and are at present in progress toward lengthening the average human life by preventive measures have been effective mostly by lowering the excessive death rate of infants, among whom, owing to the use of impure milk and other improper food, the mortality has in the past usually been enormous among the poorer classes. Education of mothers, the supplying of better milk, the conquest of diphtheria and other infantile diseases, and elementary hygienic measures have reduced the infant death rate immensely. This reduction has been the chief factor in the great lengthening in the average period of human life shown by the statistics. The favorable results which have been obtained by preventive measures against typhoid fever, yellow fever, malaria, and tuberculosis have also contributed largely to this result.

On the other hand, there are certain diseases which show an increase under modern conditions.¹ The statistics collected by the United States Census Bureau show that while the number of deaths from tuberculosis, pneumonia, diarrhea, and enteritis (under 2 years—infantile disorders), typhoid fever, diphtheria, and croup have been decreasing, the number of deaths from whooping cough, scarlet fever, and measles have remained about stationary during the past 12 years, but that the number of deaths from organic heart diseases, endocarditis, nephritis (Bright's disease), cerebral hemorrhage (apoplexy), cancer, and influenza have shown marked increases during the same period. Furthermore, the number of insane persons in the United States, who are sufferers from what is fundamentally a nervous disease, is estimated to exceed 250,000 constantly, and is on the increase.

"The death rate has been lowered and the average span of human life correspondingly lengthened. Deaths from typhoid fever, smallpox, infectious diseases of childhood, and tuberculosis have been reduced. The amount of sickness, on the other hand, has not been controlled to any appreciable degree."²

SICKNESS FROM INDUSTRIAL DISEASES.

The most familiar and striking diseases which result from occupation are those which occur in industries in which use is made of such deadly poisons as arsenic, phosphorus, mercury, and lead. An industry using arsenic in any form is liable to produce in the workers the well-known effects of this ancient and fatal poison. When yellow phosphorus was used in matchmaking it produced a horrible necrosis, usually in the bones of the face, commonly called "phossy jaw." Lead fumes in smelters or extended contact with white lead and other lead pigments produce the painters' colic, a serious disease if not properly treated. Some of the mercurial compounds, such as corrosive sublimate, are among the most deadly poisons known, while others cause the teeth to fall out. Besides these there are other industrial substances, such as ammonia, aniline dyes, carbon dioxide, carbon monoxide, calcium hypochlorite, wood alcohol, oxalic acid, carbolic acid, turpentine oil, nitroglycerin, etc., which, although not so deadly, are nevertheless capable of causing serious disorders among workers in industries using them. It has been found that certain individuals are much more susceptible than others to the effects of different poisons. What is comparatively harmless to one may make another seriously ill.

Besides the effects of poisons there are certain other diseases caused or at least favored by certain industries, the most notable example of which is the influence of dusty trades in bringing on tuberculosis and also the bad effects suffered by workers in brass foundries and some other metal industries, and the disease caused by working in increased air pressure in submarine excavations, etc. There are other disorders, such as those resulting to sales girls on account of excessive standing; harmful results of long-continued night work, etc.

It is very often difficult to determine whether a given disease should be held to be the result of occupation or not. On the one side are those who would only admit as occupational diseases those caused by well-known poisons, such as phosphorus, arsenic, and lead fumes, or the tuberculosis of some kinds of leather and stone workers, or compressed-air disease. Extremists, on the other side, claim that modern industry is responsible for nearly all of the illness among working men and women. Beginning with those sicknesses where there is no question as to the effect of the occupation, the possibilities of injury diminish

¹ Statistical Chart. U. S. Census Bureau, 1913.

² Pamphlet "The Reporting of Disease," Louis I. Dublan, statistician of the Metropolitan Life Insurance Co., New York.

until we come to those industries which have no special effect in causing any particular kind of disease in the workers.

In regard to all occupational diseases the most important thing is prevention. In a few instances it may be necessary to make radical changes in the industry, such as the substitution of nonpoisonous red phosphorus in the manufacture of matches for the dangerous yellow phosphorus. Usually, however, if thorough precautions are taken as to cleanliness and removal of fumes and dust by power ventilating systems and the use of respirators in some cases, occupational diseases can be almost wholly avoided. There will nevertheless remain a few instances, such as the disease from working in air under heavy pressure for which in the nature of things the only precaution possible is the selecting of men physically hardy and as little susceptible as possible to the effects of the conditions.

Although no American statistics are available to show the influence of occupation on sickness, still results can be demonstrated by statistics of other industrial nations, because it is not likely that there would be great difference in the effect of a given occupation causing industrial diseases in different nations.

The following figures taken from the records of the Leipzig sick-insurance fund, and which appear to be the most reliable detailed statistics available, show the following facts:

Industries.	Cases of sickness per 100 persons per annum.	Sick days per one person per annum.	Industries.	Cases of sickness per 100 persons per annum.	Sick days per one person per annum.
MALES.			MALES—continued.		
Stone-working.....	58.2	17.5	Clothing and cleaning.....	32.2	8.6
Cement and lime.....	65.8	13.6	Musical and scientific instruments.....	31.7	8.1
Building trades.....	51.7	11.7	Hides, leather, etc.....	36.0	7.7
Metal working.....	49.6	11.1	Engineers and firemen.....	35.3	7.4
Printing, publishing, etc.....	32.4	11.1	Office employees.....	21.6	5.8
Glass, porcelain, and pottery..	44.5	10.8			
Paper.....	39.4	10.9			
Chemical industry.....	49.4	10.7	FEMALES.		
Leather and similar products..	37.7	10.7	Textiles.....	68.9	19.3
Agriculture and forestry.....	46.9	10.2	Paper.....	55.2	16.3
Transportation.....	44.8	9.8	Printing and publishing.....	50.4	15.8
Food and drink.....	43.4	9.6	Agriculture and forestry.....	60.8	14.2
Wood and cut materials.....	38.8	9.2	Clothing and cleaning.....	41.0	12.4
Fats, oils, varnishes, etc.....	41.5	9.1	Hotels and restaurants.....	40.9	12.2
Gas works.....	59.9	9.0	Office employees.....	21.4	7.0
Textiles.....	40.5	8.9			
Hotels and restaurants.....	32.5	8.8			

According to Prof. Irving Fisher,¹ the following table gives the death rate of males per 1,000, according to occupations, for the year 1900:

Mercantile and trading.....	12.1
Clerical and official.....	13.5
Professional.....	15.3
Laboring and servant.....	20.2

which indicates that the working class is most subject to disease, because the larger number of accidents occurring to its members does not account for nearly all of the difference in the death rate.

LOSS TO WORKING CLASSES BY DISEASES OF ALL KINDS.

The Commission on Industrial Diseases estimates that the total loss to American workingmen on account of all kinds of illness is \$366,000,000 of lost wages and \$285,000,000 for medical aid, etc., making the enormous total of over \$650,000,000 for 33,500,000 wage earners.² This would be an average of about \$20 per annum for each wageworker. If we only consider the average for all

¹ National Vitality, Its Waste and Conservation, in the Report of the National Conservation Commission, p. 645.

² Reprinted in American Labor Legislation Review, vol. 1, No. 1, p. 125.

workers, it would amount to 3 to 4 per cent of his annual earnings, but when we consider only the workers who are actually sick during a year, and that the average duration of each case is about 20 days, then the average loss to the workingmen actually sick is from 6 to 8 per cent of their wages.

UNEMPLOYMENT.

In connection with unemployment the all-important question is as to the number of workers unemployed and the reason for such unemployment. Unfortunately, however, there is an almost entire lack of statistics in the United States concerning unemployment. Even with all the facilities at the command of the United States Department of Commerce, including its separate Bureau of Labor Statistics, it is obliged to say:¹

"To the frequent question as to the amount of unemployment in this country, the reply must be made that the statistics do not make possible any estimate of the number of unemployed persons in the United States at any time."

And again:²

"Trustworthy unemployment statistics do not exist in the United States."

Owing to these conditions, all that can be done is to present such statistics of limited areas as are available in the belief that these will give some indications of the conditions in other parts of the United States.

In the State of New York the labor unions have kept statistics of unemployment among their members for a number of years. These have been combined and published by the New York Department of Labor, as shown in the following tables. It will be noted that in the first table, which only gives the percentage unemployed on a particular day shown, the percentages of unemployment are given both for all the unions and for certain unions selected by the New York department as being representative. In the second table the percentages given are the total amount of time lost which is much more instructive than simply the numbers unemployed on certain days:³

Number and percentage of members of labor unions idle in the State of New York at end of March and September, 1897 to 1911.

Year.	Idle at the end of March.			Idle at the end of September.		
	Number in all unions.	Percentage in all unions.	Percentage in representative unions.	Number in all unions.	Percentage in all unions.	Percentage in representative unions.
1897.....	43,654	30.6	.....	23,230	13.8	.....
1898.....	38,857	21.0	.....	22,485	10.3	.....
1899.....	31,751	18.3	.....	9,590	4.7	.....
1900.....	44,336	20.0	.....	31,460	13.3	.....
1901.....	42,244	18.5	.....	18,617	6.9	.....
1902.....	36,710	13.6	17.3	18,377	5.7	6.3
1903.....	41,941	12.1	17.6	33,063	9.0	9.4
1904.....	101,886	27.6	27.1	36,605	9.8	12.0
1905.....	54,916	15.1	19.2	17,903	4.8	5.9
1906.....	37,237	9.9	11.6	21,573	5.7	6.3
1907.....	77,269	19.1	18.3	42,658	10.5	12.3
1908.....	138,131	35.7	37.5	80,576	22.5	24.6
1909.....	74,543	21.1	23.0	36,968	10.3	14.5
1910.....	62,851	16.1	22.6	63,106	13.6	12.5
1911.....	96,608	20.3	25.6	50,390	10.8	11.2

¹ Bulletin 109, U. S. Bureau of Labor Statistics (1912), p. 6.

² Bulletin 172, U. S. Bureau of Labor Statistics (1915), p. 5.

³ Bulletin 109, U. S. Bureau of Labor Statistics (1912), pp. 19, 21.

Percentage of members of labor unions idle throughout the quarters specified in the State of New York as reported by the secretaries of all unions in the State, 1897 to 1911.

Year.	During first quarter.		During third quarter.		Year.	During first quarter.		During third quarter.	
	Number.	Per cent.	Number.	Per cent.		Number.	Per cent.	Number.	Per cent.
1897.....	35,381	24.8	10,893	6.5	1905.....	31,638	8.7	7,491	2.0
1898.....	18,102	10.1	9,734	5.7	1906.....	22,746	6.5	7,354	1.9
1899.....	22,658	13.1	4,790	2.3	1907.....	55,624	13.8	10,490	2.5
1900.....	22,895	10.1	12,925	5.4	1908.....	101,466	26.3	46,117	12.8
1901.....	26,841	11.3	8,311	3.1	1909.....	50,477	14.3	15,823	4.4
1902.....	16,776	6.2	6,291	1.9	1910.....	28,411	7.3	15,485	3.3
1903.....	19,310	5.5	12,670	3.3	1911.....	46,021	9.8	12,725	2.7
1904.....	55,710	14.6	9,175	2.4					

The next table gives similar particulars as to unemployment in the State of Massachusetts, and the last is a compilation of the reports of unemployment made to the American Federationist, the official organ of the American Federation of Labor, the data being from voluntary reports from all parts of the United States.¹

Number and membership of labor organizations reporting and number of members and percentage of membership idle at end of quarters specified, Massachusetts, 1908 to 1911.

Quarter ending—	Number reporting.		Idle at end of quarter.	
	Unions.	Members.	Members.	Percentages.
Mar. 31, 1908.....	256	66,968	11,987	17.90
June 30, 1908.....	493	72,815	10,490	14.41
Sept. 30, 1908.....	651	83,969	8,918	10.62
Dec. 31, 1908.....	770	102,941	14,315	13.94
Mar. 31, 1909.....	777	105,059	11,997	11.42
June 30, 1909.....	780	105,944	6,736	6.36
Sept. 30, 1909.....	797	113,464	5,451	4.80
Dec. 31, 1909.....	830	107,689	10,084	9.36
Mar. 31, 1910.....	837	117,082	8,262	7.06
June 30, 1910.....	841	121,849	8,518	6.99
Sept. 30, 1910.....	845	118,781	6,624	5.58
Dec. 31, 1910.....	862	122,621	12,517	10.21
Mar. 31, 1911.....	889	122,002	12,738	10.44
June 30, 1911.....	897	135,202	8,927	6.60
Sept. 30, 1911.....	975	133,540	7,527	5.64
Dec. 30, 1911.....	905	125,484	12,167	9.70

Percentage of unemployment among organized workers reporting to the American Federation, by months, 1902 to 1909.

Month.	1902	1903	1904	1905	1906	1907	1908	1909
January.....		6.1	6.4	6.3	7.8	2.3	8.8	9.8
February.....		3.7	7.3	6.1	4.6	3.2	8.2	7.4
March.....		2.1	1.4	3.8	1.9	1.3	8.6	8.6
April.....		1.8	4.2	1.3	2.3	1.5	6.6	5.6
May.....		5.3	1.3		.9	1.7	7.1	6.7
June.....		2.5	5.1	2.2	1.5	2	4.1	5.3
July.....		3.3	1.6	2.0	1.4	1.7	6.4	5.7
August.....		2.1	3.2	5.8	1.8	5.8	9.6	5.6
September.....		2.1	1.5	3.7	3.2	2.2	8.4	4.8
October.....	6.9	1.2	1.2	.9	.8	1.4	6.9	1.2
November.....	1.8	4.2	3.9	1.2	1.8	2.3	6.8	
December.....	1.3	1.1	2.1	1.3	4.1	1.2	6.2	
Smallest number reporting.....	83,277	36,293	44,870	41,148	28,300	26,680	42,700	56,418
Largest number reporting.....	133,354	135,626	115,406	154,118	165,671	131,050	134,720	139,830

¹ Bulletin 109, U. S. Bureau of Labor Statistics, pp. 24 and 25.

The most important consideration in connection with statistics of unemployment is the cause of the unemployment. Again, the only United States statistics available on this question are those of the States of New York and Massachusetts, whose general unemployment statistics we have just given. The subjoined table shows the causes of unemployment as stated in the reports of the bureaus of the respective States.¹

Causes of idleness among organized workers in New York at the end of March, 1907 to 1911.

Causes.	Number.					Per cent.				
	1907	1908	1909	1910	1911	1907	1908	1909	1910	1911
Lack of work.....	52,031	123,706	60,585	42,010	79,866	67.3	89.6	81.3	66.8	82.7
Lack of stock.....	1,819	576	804	2,667	548	2.4	.4	1.1	4.2	.6
Weather.....	15,472	8,064	7,890	7,329	8,544	20.0	5.8	10.6	11.7	8.8
Labor disputes.....	3,970	1,573	1,498	6,864	3,289	5.2	1.1	2.0	10.9	3.4
Disability.....	3,563	3,811	3,467	3,838	3,752	4.6	2.8	4.6	6.1	3.9
Reason not stated.....	100	127	148	87	159	.1	.1	.2	.2	.2
Other reasons.....	315	274	151	56	450	.4	6.2	.2	.1	.4
Total.....	77,270	138,131	74,543	62,811	96,608	100.0	100.0	100.0	100.0	100.0

Causes of idleness among organized workers in New York at the end of September, 1907 to 1911.

Causes.	Number.					Per cent.				
	1907	1908	1909	1910	1911	1907	1908	1909	1910	1911
Lack of work.....	29,301	71,532	27,225	39,307	39,959	68.9	88.8	73.6	62.3	79.3
Lack of stock.....	1,752	2,043	2,517	2,450	680	4.1	2.6	6.8	3.9	1.3
Weather.....	569	500	894	163	493	1.3	.6	2.4	.2	1.0
Labor disputes.....	6,916	2,288	2,867	17,646	5,699	16.3	2.8	7.8	28.0	11.3
Disability.....	3,442	3,082	3,000	3,216	3,336	8.1	3.8	8.1	5.1	6.6
Other reasons.....	343	466	175	181	128	.8	.6	.5	.3	.3
Reason not stated.....	233	665	290	143	95	.5	.9	.8	.2	.2
Total.....	42,556	80,576	38,968	63,106	50,390	100.0	100.0	100.0	100.0	100.0

Causes of idleness among organized workers in Massachusetts on Mar. 31, 1909, to 1911.

Causes.	Number idle on Mar. 31—			Per cent of membership idle on Mar. 31—		
	1909	1910	1911	1909	1910	1911
Lack of work or material.....	9,980	6,186	9,120	9.50	9.28	7.47
Unfavorable weather.....	138	113	831	.13	.10	.68
Strikes or lockouts.....	172	96	178	.16	.08	.15
Disability (sickness, accident, or old age).....	1,354	1,646	1,691	1.29	1.41	1.39
Other causes.....	353	221	913	.34	.19	.75
Total.....	11,997	8,262	12,738	11.42	7.06	10.44

¹ Bulletin 109, United States Bureau of Labor Statistics, pp. 32 and 33.

Causes of idleness among organized workers in Massachusetts on Sept. 30, 1909 to 1911.

Causes.	Number idle on Sept. 30—			Per cent of membership idle on Sept. 30—		
	1909	1910	1911	1909	1910	1911
Lack of work or material.....	3,873	4,687	4,904	3.41	3.95	3.7
Unfavorable weather.....	85	146	235	.07	.12	.2
Strikes or lockouts.....	173	132	477	.15	.11	.3
Disability (sickness, accident, or old age).....	1,199	1,510	1,668	1.06	1.27	1.2
Other causes.....	121	149	243	.11	.13	.2
Total.....	5,451	6,624	7,527	4.80	5.58	5.6

The latest investigations of employment were these made in New York City in the early part of 1915. In the first place, the Bureau of Labor Statistics made a complete census of 104 representative city blocks located in various sections of the city, the less populated as well as the more congested sections, with the purpose of including a representative number of families of the various nationalities and of all classes of workers. In addition, there was a census of the families living in 3,703 individual tenement houses and residences covering a still wider range of distribution. The enumeration was made between January 30 and February 17, 1915. The results were as follows:

Number of families scheduled.....	54,849
Number of families having unemployed wage earners.....	11,723
Per cent of families having unemployed wage earners.....	21.4
Number of persons in families.....	229,428
Number of wage earners in families.....	95,443
Number of unemployed wage earners.....	15,417
Per cent of unemployed wage earners.....	16.2

From these figures it was estimated that the total number of unemployed in the city at that time would be approximately 398,000.

Beginning in January, 1915, the Metropolitan Life Insurance Co. made a census of all of the families which held industrial policies in that company in Greater New York. This was made by the agents who made the weekly collections. The result of that canvass is as follows:

Total number of families.....	155,960
Number of families with unemployment.....	37,064
Total number of wage earners in families.....	252,912
Number of unemployed wage earners.....	45,421
Per cent of wage earners unemployed.....	18

The Metropolitan Insurance Co. also made a similar canvass of its policyholders in northeastern New Jersey, including Bayonne, Bloomfield, Newark, Hoboken, Irvington, Jersey City, Orange, and Union Hill. The industries in this section being adjacent to New York City, the labor conditions would presumably be similar. The results of this canvass were as follows:

Total number of families.....	61,201
Number of families with unemployment.....	11,821
Total number of wage earners in families.....	97,026
Number of unemployed wage earners.....	14,314
Per cent of wage earners unemployed.....	14.8

The very great variation from year to year in the amount of unemployment depending on industrial conditions or in common language, the prevalence of "hard times" or "good times" is shown by the statistics collected by the United States Bureau of Labor Statistics comparing conditions in identical establishments in January, 1915, and January, 1916.¹

¹ Mo. Rev. U. S. Bureau Labor Stat., March, 1916, p. 13.

Comparison of employment of identical establishments in January 1915, and January, 1916.

Industry.	Estab- lish- ments to which inquiries were sent.	Estab- lish- ments report- ing for January both years.	Period of pay roll.	Employees.			Earnings.		
				Number on pay roll in—		Per cent of in- crease (+) or de- crease (-).	Amount of pay roll in—		Per cent of in- crease (+) or de- crease (-).
				Jan- uary, 1915.	Jan- uary, 1916.		Jan- uary, 1915.	Jan- uary, 1916.	
Boots and shoes...	85	69	1 week....	56,929	65,097	+14.3	\$890,080	\$859,181	+24.5
Cotton manu- facturing.	92	63	...do.....	59,694	58,847	-1.4	496,349	504,515	+1.6
Cotton finishing...	19	18	...do.....	12,597	14,853	+17.9	132,768	164,249	+23.7
Hosiery and underwear.	82	56	...do.....	27,467	31,526	+14.8	217,736	286,756	+31.7
Iron and steel.....	139	86	1/2 month...	100,792	135,831	+34.8	2,625,977	4,257,314	+62.1
Silk.....	61	42	2 weeks...	17,083	18,642	+9.4	306,260	367,560	+20.0
Woolen.....	47	21	1 week....	17,057	19,462	+14.1	165,421	204,400	+23.6

How far the unemployment statistics of Massachusetts and New York given above indicate unemployment conditions in the remainder of the United States must, of course, be largely a matter of judgment. It is clear, however, that the industrial conditions in the remainder of the United States must be sufficiently near those prevailing in New York and Massachusetts that conclusions concerning the extent of unemployment drawn from these statistics will apply fairly to the remainder of the United States.

Whatever the total number of the unemployed may be at any given time, they can be divided into two distinct classes (1) those who are employable—that is, willing and capable of doing work if they are afforded the opportunity; (2) the unemployable—that is, paupers, beggars, bums, hoboes, aged, infirm, feeble-minded, and disabled, who either will not work or are not capable of doing work even when it is offered to them.

The relative proportions of the unemployed, these two classes, of course vary from time to time. In "good times" the unemployed will practically be wholly made up of the unemployable. On the other hand, in "hard times" there will be a large proportion of employable men who are suffering from unemployment. It is only the latter class which can be taken into account in any plan of social insurance. The unemployable must be dealt with by charity if disabled, and by workhouses, reformatories, farm colonies, etc., if able-bodied.

EFFECT OF UNEMPLOYMENT.

The effect of unemployment upon the worker is a matter which does not require any extended description or explanation. The human organism, unfortunately, is not like an engine in which the fires can be extinguished and then stand cold without expense until needed for work again. The human machine must run all of the time, and consequently requires steady supplies of fuel in the form of food, as well as clothing and other necessities. If it once stops and grows cold, it never can be started again. Unemployment can not fail to cause much distress and suffering, as well as economic loss, and is, moreover, always followed by an increase in pauperism and crime.

In those cases where the worker has been able to accumulate any money in a savings bank or has it invested in a home or otherwise, as long as such resources hold out he nor his family may not endure physical suffering. But there is a great number who have no such accumulations and such as do have them must exhaust them sooner or later, so that poverty and hunger are inevitable unless some means of prevention or relief can be brought to bear.

Among the important things which must be taken account of in connection with unemployment is the variations according to the seasons of the year of requirements for workers. These seasonal fluctuations are particularly noticeable in such occupations as farming, building trades, and general construction work, where little can be done in the winter season. To some extent different occupations dovetail or alternate with each other, but this is not nearly sufficient under the present organization of industry to prevent a great deal of

unemployment during the winter season by those who have no difficulty in finding employment during the summer season. It is to be hoped that this seasonal fluctuation will be gradually but constantly diminished in the future, but immediate measures must be taken to provide for unemployment at the present time from this as well as from other causes. These variations of unemployment from time to time render its statistics of less value than accident, sickness, or mortality statistics, so that beyond proving the actual existence of unemployment statistics are not perhaps as necessary in relation to social insurance as in the other branches.

As with other emergencies which affect workers, there are several ways of dealing with unemployment. One of the most useful of these is a network of free labor agencies covering the whole nation with complete records, so that the worker can easily find the places where his services are in demand. Another is relief work; that is, special work undertaken by municipalities or larger political divisions for the express purpose of furnishing support to the unemployed. A third method is the various forms of charitable relief, both public and private. The relief work methods and charity, although sometimes necessary, are very burdensome to society, and, besides, if long continued, distinctly harmful to the workers, tending to cause them to lose their self-reliance and self-respect and become hopeless paupers. The possibilities of dealing with unemployment by insurance methods will be described later.

OLD-AGE HELPLESSNESS.

According to the United States census of 1910, the number of persons of the age of 65 years and over was 3,049,524, of which 1,985,976 were men and 1,063,548 women. The number of these in the United States who are not able to support themselves is a matter of estimate only. In a recent book¹ the dependent aged population is estimated at 1,123,000. This estimate was based on the statistics collected in the State of Massachusetts, but a study of the author's method of arriving at this estimate shows that it is misleading.

Dependent population 65 years old and over.

Class No.	How provided for.	Massachusetts.	United States.	Annual cost.	
				Massachusetts.	United States.
1	In correctional institutions.....	556	15,180	(1)	(1)
2	In insane asylums and hospitals.....	1,961	53,544	(1)	(1)
3	In almshouses.....	3,480	95,128	\$693,076.80	\$18,973,279.60
4	In benevolent homes.....	2,598	71,024	783,556.80	21,420,834.40
5	By public outdoor relief.....	3,075	83,998	189,900.00	5,181,081.37
6	By private outdoor relief.....	2,312	63,112	320,998.00	8,734,709.00
7	By United States pensions.....	27,230	744,188	4,192,875.00	114,590,068.24
	Totals.....	41,212	1,123,172	6,180,406.60	178,899,968.41

¹ Not given.

² No estimate.

An examination of this table shows that the classes Nos. 3, 4, 5, and 6 are the only ones which include persons ordinarily included when pensions for the aged dependent poor are mentioned. The total number comprised in these classes is 11,465. Applying these proportions to an estimate for the United States, the correct estimate of the number of aged indigent poor would be 312,462. This is the proper number to consider in relation to the aged indigent poor, because the other classes given in the table are otherwise provided for. Criminals (class 1) in penal institutions; insane (class 2) in hospitals; and United States pensioners (class 7) by the United States Government.

In relation to aged United States pensioners, attention is attracted to the fact that their total number, 27,230, is 66 per cent of the total number, 41,212, of the aged dependent poor in Massachusetts. This is an enormously larger percentage of the total number of aged dependent poor than the total number of aged dependent poor are of the total population of the State of Massachusetts of the same age. The question naturally occurs whether a general system of old-age pensions might not have a similar effect on the whole population.

¹ Old Age Dependency in the United States, Squier (1912), p. 6.

The inability to do enough work to earn a livelihood that is certain to come with old age and the entire helplessness of many aged persons inevitably give rise to conditions of most pitiable poverty and destitution unless provision is some way made for their adequate support. Few are able to earn a livelihood after the age of 65. No one should be compelled to do so. Since there are nearly 4,000,000 persons in the United States of the age of 65 and over, the question of provision for their old age is an exceedingly important question for immediate consideration. There are a number of ways in which this can be done. Perhaps the plan which will first occur to the reader is that each person should, during his lifetime, accumulate sufficient property to support himself and his wife during their old age. Fortunately, in the United States provision has been made by a large part of our population in this way; but, nevertheless, it must be admitted that in nearly all States are many who have reached 65 but have not, from various reasons, made such provision. Perhaps the method which would next occur to the reader is that aged persons should be provided for by their descendants, and, again, it is happily true that a very large number of the aged population of the United States who have not accumulated sufficient property to support themselves are well cared for by their children. This is entirely natural and proper, being but a just return for the care, trouble, and expense which the parents have had in the rearing of the children; but, unfortunately, again, there still remain a large number in the aggregate of aged persons who either have no children, or if they do have the children are unable, and even in a few disgraceful instances are unwilling, to support their aged parents even if they are able.

Also, there are a great number of charitable old people's homes for both men and women which afford those they are able to accommodate support and comfort during the remainder of their lives, but there still remain a large number of the not adequately provided for. Instead of there being any decrease in the future of the number of aged persons unprovided for, there is likely to be an increase, for we may reasonably anticipate that the methods making such provision enumerated above will be relatively less sufficient in the future than in the past. There are several reasons for this. Although wages are increasing and absolute poverty is diminishing, the standard of living among the working classes is rising, so that, on account of rapidly multiplying wants, desires, and aspirations of the citizens of our highly educated and ambitious democracy, the margin available for making provision for old age by the methods which we have mentioned above will probably be smaller instead of larger. This may not be wise or desirable, but it is liable to occur. In only too many instances the cost of modern "high living" absorbs all the earnings of workers, even those receiving generous wages, leaving little or nothing for the everyday emergencies of sickness and unemployment, and consequently still less to make provision for old age.

Another reason is that it is now less possible for workers to own their own homes, and, as to those who must move from place to place in search of employment, it is less desirable for them to do so. The possession of a home is one of the strongest incentives to thrift and saving, and in proportion as this incentive is lessened by the impossibility or the undesirability of the worker owning his home is the probability of at least partial provision for old age in this way diminished.

There remains the accumulation of money by depositing the same in savings banks or making investments, and there are in the aggregate very large sums of money so deposited in the United States, the amount on June 30, 1914 (latest figures available), as reported by the Comptroller of the Currency,¹ being \$4,936,591,849, by 11,109,499 depositors, so that the average deposit was \$444.35. But, large as this sum is, it is wholly inadequate to make provision for all of those who do make such deposits, while there are many who fail to do so. Many of these fail on account of lack of thrift, but there have unfortunately occurred in the past a good many bankruptcies of saving banks and many more failures of other investments into which workers have been tempted, resulting in loss of much hard-earned money. The cumulative result of such losses have been a good deal of discouragement in the aggregate to the worker. It is perfectly natural for him to have a desire to spend his money himself rather than have this done for him by the sporty president or the dishonest cashier of some savings bank.

All of these things taken together have resulted in a great discouragement to thrifty habits by workers, and caused many of them to form the reckless habit

¹ Rept. Comptroller Currency, 1914, pp. 696 and 706.

of spending all their wages as fast as received. Since every worker is subject to interruptions by sickness, accident, and unemployment, and consequent loss of income, the habit of spending wages as fast as earned will inevitably cause destitution and suffering in old age.

SELF-PURCHASED OLD-AGE PENSIONS.

There is no doubt that in the United States, considering the liberal wages paid, the freedom to travel from one part of the country to the other in search of remunerative employment, and the equal opportunities open to all, that if all able-bodied wage earners, early in life and before they become responsible for the support of a family, had the opportunity and a knowledge of the wonderful results which can be obtained in the way of providing the payment of a small sum of money for a pension in old age, and possessed also a degree of foresight above that of the beasts which perish, that they could and would provide against destitute old age in this way. We believe that the main reason that the necessary institution has not been created and self-provision thus made universally, is because the wonderful results which can be obtained by depositing in an absolutely reliable institution a comparatively small sum of money in early age are not generally known. This can be accomplished with ease and at low cost if the necessary payments are made sufficiently early in life. This is the result of the wonderful accumulations which occur when the effect of compound interest and the lapses of a great number of years are taken into account. In the second place, there have been heretofore no absolutely secure institutions in which money could either be saved under ordinary conditions or in which insurance could be effected, and the total returns for the individual instead of being absorbed by the expenses of an exorbitantly expensive insurance organization or system. The discouragingly small returns received by wage earners for the money paid by them for industrial insurance is fully set forth in another place (p. 219).

Before giving some tables showing the results of old-age insurance made at different ages, it should be explained that there are two plans of making payments for old-age pensions, one is called the reserve-capital plan. In this, if deposits are made and the person dies before the date at which the old-age pension would begin, his heirs will receive back the money which he has paid. The other is known as alienated-capital plan, which is insurance in the full sense of the word. In this no money is returned excepting to those persons who attain the given age. On this plan, of course, much higher pensions can be paid for the given deposit.

The following table¹ shows the amount of annual pension beginning at the ages stated which can be obtained by one deposit of \$100, on both plans, and, of course, in the same proportion for either larger or smaller sums.

Amount of annual pension payable for the deposit of \$100 with the national old-age retirement fund, by age or depositor and plan of insurance.

Age of depositor.	Amount of annual pension payable for the deposit of \$100.							
	Alienated-capital plan.				Reserved-capital plan.			
	Age at which pension begins.				Age at which pension begins.			
	50 years.	55 years.	60 years.	65 years.	50 years.	55 years.	60 years.	65 years.
3 years.....	\$51.22	\$74.66	\$114.77	\$190.32	\$41.15	\$59.08	\$92.21	\$152.91
5 years.....	47.15	68.73	105.66	175.22	37.72	54.99	84.53	140.17
10 years.....	38.95	56.77	87.27	144.72	30.25	44.09	67.79	112.41
15 years.....	32.15	46.86	72.05	119.47	24.07	35.08	53.93	89.43
20 years.....	26.18	38.16	58.66	97.27	18.99	27.68	42.56	70.58
25 years.....	21.16	30.84	47.41	78.62	14.88	21.69	33.35	55.30
30 years.....	17.15	24.99	38.42	63.71	11.55	16.84	25.89	42.93
35 years.....	13.89	20.24	31.12	51.61	8.86	12.91	19.85	32.91
40 years.....	11.22	16.35	25.13	41.67	6.68	9.73	14.96	24.80
45 years.....	9.00	13.11	20.16	33.42	4.92	7.17	11.02	18.23
50 years.....	7.13	10.40	15.98	26.50	3.52	5.12	7.88	13.06
55 years.....		8.06	12.37	20.51		3.52	5.41	8.97
60 years.....			9.31	15.43			3.53	5.85
65 years.....				11.13				3.53

¹ Social Insurance, Rubinow, p. 334.

The following table¹ of the United States Letter Carriers' Retirement Association gives the monthly premium rates at various ages necessary to provide an annuity of \$100 per annum for life after arriving at the ages of 65 and 70 years. In this association, if an annuity member does not live to make all of the premium payments agreed upon, or in case he becomes mentally incompetent, all premiums which shall have been paid by him, together with interest at 4 per cent per annum, are repaid to his estate or to his legal representative. Consequently this is the reserve premium plan explained above.

Monthly premium rates for annuities of \$100.

Age at entry.	Monthly premium rates for annuity beginning at age of—		Age at entry.	Monthly premium rates for annuity beginning at age of—	
	65 years.	70 years.		65 years.	70 years.
20 years.....	\$0.66	\$0.45	45 years.....	\$2.66	\$1.63
25 years.....	.69	.47	50 years.....	3.98	2.27
30 years.....	1.08	.72	55 years.....	6.63	3.37
35 years.....	1.42	.92	60 years.....	14.62	5.62
40 years.....	1.91	1.21	65 years.....		12.46

INSURANCE FOR SURVIVING WIDOWS AND CHILDREN.

One of the most serious possibilities confronting the dependent members of the families of workers and others without sufficient property accumulated is that the husband and father or other supporter of the family will be prematurely stricken down by death, leaving the family exposed to poverty. How great the numbers are so exposed may be realized by examining the statistics of the population in the United States.

The total number of persons in the United States in 1910, according to the census for that year, between the ages of 15 and 65 was 58,354,551, of which the census further shows that in round numbers 33,500,000 were workers. Assuming that the same proportion of deaths occurred among the workers as among the general population between the ages of 15 and 65, then the number of premature deaths which occurred in 1910 among workers at the various ages are as follows:

Ages:	Deaths.	Ages—Continued.	Deaths.
15 to 19.....	33,396	45 to 49.....	64,559
20 to 24.....	50,247	50 to 54.....	73,432
25 to 29.....	54,519	55 to 59.....	73,673
30 to 34.....	54,358	60 to 64.....	81,398
35 to 39.....	61,000		
40 to 44.....	61,657	Total.....	608,239

Of course, it is not true that at each one of these deaths there were dependents left behind, but it is also true that this occurred in most cases. It is further true that among dependents left by premature death of working people not all were left unprovided for, but it is certain this occurred in much the larger number of instances.

Although doubtless much below the actual numbers, let us assume that there were dependent families left in two-thirds of these premature deaths, and that two-thirds of these families were left entirely unprovided for by the death of the worker, then there would be 405,492 families left unprovided for in the one year 1910. These figures will at least serve to show the great necessity there is for some form of life insurance to enable workers to provide for their families after death. So far as these necessities are satisfied at all, at the present time, is through one or the other of the following institutions: Commercial life insurance companies; voluntary mutual life insurance companies; voluntary State life insurance; compulsory State life insurance. The question then arises to what extent are these agencies capable of providing for these pressing and widespread emergencies. Considering first the private commercial life insurance companies, everyone familiar with the details of the life-insurance business at

¹ 23d An. Rept. Commissioner of Labor, p. 120.

the present time is aware of the tremendous amount of insurance carried by these institutions, amounting on December 31, 1914, in the United States to \$21,955,771.318 of insurance in force. When, however, we come to consider the cost of such insurance, it becomes plain that it can not be used by ordinary workmen to provide for their families.

A further fact why such insurance is often unavailable to the average wage-worker is the fact that the payments are made semiannually or quarterly, which renders it impossible as a practical proposition for the workman, because he can not accumulate sufficient sums to pay the relatively large installments. Although the attempt has been made by large numbers of working people to carry ordinary life insurance, frequently when sickness, unemployment, or other emergencies occurred payments could not be made, and what had previously been paid, subject to small equities in some cases, was lost to the insured, which discouraged him, so that he ceased to attempt to make any provision for the future of his family.

For the purpose of meeting these conditions as to time of payment necessary in workmen's insurance, the so-called "industrial" plan of life insurance was devised many years ago. Under this plan of life insurance the payments are made in weekly installments to a collector who calls at the residence, which makes them much more apt to be promptly met by the classes for whom they were designed. The great drawback of this form of insurance is its immense cost by reason of the weekly collection system, as well as the other expensive features which it shares with ordinary life insurance. The poorest people pay the highest cost for life insurance.

According to a special report made to me by the life insurance companies doing industrial life insurance business in Illinois the results are shown by the following table:

Comparison of amounts paid and credited to "industrial" policyholders, with amounts of premium receipts and accumulation on policyholders' funds for the combined experience of the three largest "industrial" life insurance companies in the United States, covering the entire "industrial" business of each from beginning to Dec. 31, 1915.

Total premium receipts.....	\$1, 811, 843. 770
Total interest income, etc.....	195, 631, 582
Total receipts.....	2, 007, 475, 352
Total payments to policyholders.....	713, 477, 427
Reserves and other funds credited to policyholders.....	529, 765, 435
Total payments and credits.....	1, 243, 242, 862
Percentage of payments and credits to receipts.....	61.9

This shows that after deducting from the total income received by these companies during their entire business career, the amount necessary as a reserve to provide for the payment of policies now in force and other apportioned funds, that the total amount paid by policyholders for insurance and earned by their money is \$2,007,475,352, but that the sum of \$1,243,242,862 only was returned to the policyholders, or 61.9 per cent. Consequently, on the average for each \$100 that policyholders received from these life insurance companies, they paid \$161.39. This cost is prohibitive for an amount sufficient to provide adequately for a dependent family. Although there were outstanding in the year 1914 31,134,303 industrial life insurance policies, and the total insurance in force under these policies was \$4,170,071,777, so that the average of the industrial policies was only \$133. Any rational person knows that this sum is absolutely insufficient to make any provision whatever for the dependents of the policyholder in case of his death. As a matter of fact, this industrial insurance in the United States only amounts to burial insurance and is kept up by the vast majority of wage earners solely for that purpose. Consequently, it is plain that commercial life insurance, either ordinary or industrial, can not provide adequate life insurance for the workers of the United States and others similarly situated, financially.

The question of the excessive cost of "industrial" life insurance has been quite fully investigated in Bulletin 67, Bureau of Labor, page 781, et seq. This

¹ The percentages of amount paid and credited to policyholders varied in the various companies from 57.9 to 64.5 per cent. The results for the last 10 years' business of these companies showed slightly better results than for the whole period of the business of each given above.

was published in 1906, and the statistics are in most cases for the year 1903, but there has not been any important change of rates or conditions since, so that the facts stated and the conclusions drawn therein probably hold good at the present time also. One of the most instructive tables presented gives the relative cost of "ordinary" life, "whole life" insurance, and "industrial" life insurance, as follows:

Amount of industrial or of ordinary nonparticipating insurance purchasable for each \$1 of the annual premium expenditure, and per cent of excess of ordinary over industrial insurance.

[The full amount of the industrial insurance as stated below is paid only in case of death after the policy has been in force for one year.]

Age of insured.	Insurance purchasable for each \$1 of the annual premium expenditure.			Age of insured.	Insurance purchasable for each \$1 of the annual premium expenditure.		
	Indus-trial.	Ordinary.	Per cent of excess of ordinary over industrial.		Indus-trial.	Ordinary.	Per cent of excess of ordinary over industrial.
21 years.....	\$32.31	\$65.36	102	41 years.....	\$18.85	\$36.98	96
25 years.....	20.23	50.67	104	45 years.....	16.15	31.78	97
30 years.....	25.77	52.41	103	50 years.....	13.46	25.75	91
35 years.....	22.60	45.25	99	55 years.....	10.77	20.42	90
40 years.....	19.23	38.31	99	60 years.....	8.46	15.83	87

"The foregoing table shows that the workingman of 30 years of age, for example, who must purchase his insurance by weekly payments, obtains only \$25.77 of protection for each dollar that he pays in, while the well-to-do policyholder of the same age, who can purchase his insurance by annual payments, obtains \$52.41 of protection, or more than twice as much" (p. 790).

A large part, however, of the "industrial" life insurance carried in the District of Columbia, as well as elsewhere, is in the form of "combination policies," which provide for three kinds of "benefits"—accident, sickness, and death. This kind of policy is also issued by companies doing "ordinary" insurance business. The following table gives the relative costs on this combination insurance in the "industrial" and the "ordinary" companies:

Accident (maximum), sick (maximum), and death benefits guaranteed for each \$1 of premium on combination policies by assessment industrial companies and by an ordinary company.

Age.	Accident benefits (maximum) guaranteed per \$1 of premium.			Sick benefits (maximum) guaranteed per \$1 of premium.			Death benefits guaranteed per \$1 of premium.		
	Indus-trial (average of 10 companies).	Ordinary.	Per cent of excess or ordinary over industrial.	Indus-trial (average of 10 companies).	Ordinary.	Per cent of excess or ordinary over industrial.	Indus-trial (average of 10 companies).	Ordinary.	Per cent of excess or ordinary over industrial.
20 years....	\$3.89	\$41.03	955	\$4.62	\$5.33	15	\$5.35	\$41.03	667
30 years....	3.89	34.97	799	4.62	4.54	12	5.35	34.97	554
40 years....	3.70	27.94	655	4.42	3.63	122	5.17	27.94	440
50 years....	2.89	20.45	608	3.47	2.66	130	3.96	20.45	416
60 years....	2.45	13.55	453	2.69	1.76	153	3.53	13.55	284

¹ Excess is in favor of industrial insurance.

The kinds of insurance business carried on by the "ordinary" and the "industrial" companies is also engaged in by another kind of organization called

"assessment" companies. In these the dues are not fixed, but vary according to the losses. For want of space we will not attempt to describe fully their plan of operation or results, except to say that the cost to the policyholders for insurance furnished by them is less than that of the "industrial" but more than that of the "ordinary" insurance companies. The bulletin quoted above gives the following total result of the investigations, which include the business of the assessment companies:

"To sum up, then, the losses during the year 1903 in the District of Columbia resulting to the policyholders from the weekly payment or industrial plan of insurance, or the additional amount of insurance which might have been carried for the same premium payments if they could have been paid in yearly payments in ordinary companies, were in round numbers as follows:

Losses measured by amount of insurance carried:

(a) Regular industrial insurance.....	\$17, 250, 000
(b) Assessment industrial insurance.....	3, 375, 000
Total	20, 625, 000

"Or, if the losses be measured in premium payments made during the year in excess of what would have been required to purchase the same amount of insurance if the premiums could have been paid in yearly payments in ordinary companies, they may be expressed as follows:

Losses measured by excessive premiums:

(a) Regular industrial insurance.....	\$370, 000
(b) Assessment industrial insurance.....	120, 000
Total	490, 000

"Of course, the facts set forth above tell nothing about the reasonableness or unreasonableness of the cost of either ordinary insurance or of industrial insurance. They simply show what the cost of industrial insurance is and how much greater that cost is than the cost of ordinary insurance."

It should be kept in mind, when considering the figures above, that the "ordinary" insurance includes a heavy charge for agents' commissions and other expenses of conducting the business, and that if insurance were furnished to the people, the cost would be much lower than the figures for the "ordinary" insurance, which is the lowest given in the table above.

One careful investigator of the economic conditions of the workers of the United States arrives at the following conclusion¹ respecting industrial insurance for these classes (p. 120):

"The form of insurance within the means of laborers, though it offers some superficial advantages, is exorbitantly expensive and is perverted in use. Thus, industrial insurance has probably been injurious to most of its supposed beneficiaries."

Another kind of life insurance which many have hoped would enable workers to provide for their dependents of workers dying prematurely is voluntary co-operative insurance, mostly in the form of so-called fraternal insurance. It is true that by means of fraternal societies a very much larger number of the people of the United States have been able to make adequate provision for their dependents as shown by the following figures for 498 societies reporting for December 31, 1914: Number of policies in force, 7,868,554; insurance in force, \$9,171,284,227.²

The "legal reserve" and the "fraternals" combined only provide for a small fraction of the total population of the United States. The "industrial" life insurance covers a large part of the remainder, but, as shown on page 214, is wholly inadequate in amount of average policy to provide for a dependent family.

HISTORY OF SOCIAL INSURANCE.

The necessity for relief of the suffering caused by accident, sickness, disablement, and old age, premature death, and unemployment have, of course, been felt in former ages as well as at the present time, but until civilization had attained a considerable advance there was nothing done toward relieving such

¹Standard of Living, F. H. Streighthoff.

²As one person may have more than one policy, it should be kept in mind that the number of policy holders is less than the number of policies in force.

suffering except the aid furnished by friends and relatives and, at certain stages of Greek and Roman civilization as well as in the Middle Ages, by the feudal lords to some extent. It is said, however, that in Rome during the later periods of its history there were organizations among the craftsmen and artificers in certain industries similar to the medieval guilds which cared for their members suffering from any misfortune as a part of their functions.

Germany.—During the latter part of the Middle Ages in Teutonic countries there arose organizations for mutual aid, said to have originated among miners, which later developed into the guilds. These gathered funds from which grants were made to needy members in time of accident, sickness, and disablement, and to their widows and orphans in case of death. These organizations in modified form have continued to the present time and were recognized by law in Germany about the middle of the nineteenth century. This law made compulsory the formation of provident funds for men employed in mines, smelting works, and salt works, the cost of which was defrayed out of contributions by the workers and by the mine owners, the latter being required to pay at least half as much as the men. It is stated that at the time this law was passed (1854) it was estimated that these miners' funds protected 80 per cent of the miners in the Kingdom of Prussia.

A few years earlier (1849), the laws of Prussia empowered the local authorities to require factory owners and employers to insure their workmen against sickness and to contribute to the cost of such insurance half as much as the men and also deduct the men's contributions from their wages. Under these and subsequent laws, there were formed great numbers of local organizations for insurance of workmen in Prussia and also, though in less well-developed forms, in most of the other States of the present German Empire. In addition to these institutions in which the public authorities had some part, there also came into existence a large number of voluntary aid or benefit societies somewhat on the model of the English friendly societies.

It is sometimes said that the present social insurance system of Germany was an original invention by Bismarck as a device for repressing the growth of socialism among the German people. The above brief outline, however, is sufficient to show that all that Bismarck did was to build upon a foundation already existing and form a system applicable throughout the whole of the German Empire. There is no doubt his main motive for doing so was to discourage the growth of socialism. This appears in the speech from the throne on this legislation which, no doubt, expressed Bismarck's ideas, in which appeared the following:

"A remedy can not be sought merely in the repression of socialistic excess—it must be simultaneously a positive advancement of the welfare of the working classes. * * * The care of those workpeople who are incapable of earning their livelihood is of the first importance. In their interest the Emperor has caused a bill for the insurance of workpeople against the consequences of accidents to be sent to the Federal council—a bill which it is hoped will meet a need felt both by workpeople and employers. His Majesty hopes that the measure will in principle receive the assent of the federal governments, and that it will be welcomed by the Reichstag as a compliment of the legislation affording protection against the social democratic movement."

It was said in a speech in the Reichstag by Bismarck himself, explaining the first draft of the accident bill:¹

"It is the duty of humanity and Christianity for the State to interest itself to a great degree in those of its members who need help. It is the duty of the State to cultivate beneficent institutions; this will be no novelty but a further solution of the modern idea of the State, a result of Christian morality; in accordance with such, the State should not merely discharge the duties of self-defense, but those also of a positive character in promoting the welfare of all its members, and especially of the weak and needy."

There is also little doubt that the fundamental ideas embodied in the social insurance legislation enacted in Germany under the dominance of Bismarck were merely practical applications of the conceptions of certain eminent German philosophers living about the beginning of the nineteenth century, particularly Hegel, Fichte, Sismondi, and Winkelblech. The original separate States of that Empire were, in the beginning, absolute despotisms, and although now somewhat modified by the general spread of the ideas of equality and democracy

¹ Boyds on Workmen's Compensation, p. 27.

which have taken place throughout the civilized world during the past two centuries, there still remain unchanged many absolutistic institutions, so that individualism has little chance to develop in Germany and industrial freedom among the working classes was strangled.¹ With the hope, no doubt, of securing some amelioration for the hard lot of the common people of Germany under such a form of government, which government to these writers seemed an eternal and unchangeable fact like a law of nature, these philosophers worked out certain idealistic theories of the government toward its subjects. According to the conception of Fichte, the State "is not to be negative, not to have mere police functions, but to be filled with Christian concern, especially for the weaker members. The conceptions of property and contract are such as compel such intervention on the part of the superior authority in order to realize the ends of justice and equality among men."

This quotation plainly shows the source of Bismarck's ideas in the paragraph from his speech quoted above.

Prof. Winkelblech maintained: "The necessity of a general obligatory assurance as alone adequate to protect the laborers in their struggle with the conditions of the great industries."²

Another philosopher, Dr. Schaeffle, is called the father of compulsory State insurance. He advanced this idea about 1867 in his work on Capitalism and Socialism, in which he maintained that even if State insurance was socialistic, it was less harmfully so than the existing forms of charity which he held were only a vicious sort of communism at its worst. In place of this charity he demanded "a nationalized general self-provision for the whole life." He believed that compulsory insurance is closely analogous to compulsory education.

At first the Socialists of Germany if not openly to the law were at least indifferent. Of later years, however, it seems the system of social insurance has been approved by the Socialist parties of Germany and its extension urged by them.

The first German accident insurance law was promulgated in 1883 and a sickness insurance law was passed in the same year. These have been amended and the scope of the same extended from time to time. In 1889 the law creating old-age and invalidity pensions was enacted, to go into operation in 1891. In 1911 there was a consolidation of all the social insurance legislation of Germany, as the result of which, together with some subsequent amendments, an extensive system of social insurance is now in operation in Germany.

HISTORY OF SOCIAL INSURANCE IN ENGLAND AND UNITED STATES.

The earliest form of what is now called "social insurance" in England was that of the friendly societies. It is stated by historians who have investigated ancient records that the friendly or fraternal beneficiary societies of England developed from the old English guilds. These guilds or brotherhoods are known to have existed in great numbers before there was a king in England, and in the beginning had for their main object conviviality and good fellowship, but gradually developed means for the care of their associate members in time of sickness, or his family in the event of death. Their income was derived from regular dues, but in addition to that the members often made donations or bequests by will. They also had ritualistic work or secret rites for the purpose of binding the members closer together. Thus the great friendly societies of England were originated, and much later the fraternal societies of the United States were organized on their model. This evolution covered a period of 1,200 years.

In the United States the first fraternal society originated in 1868, when John Upchurch formed the Ancient Order of United Workmen, an association for the purpose of affording protection to the families of deceased members. His aim was to provide some practical form of aid for the families of wage earners and men of moderate means. Unfortunately, the men who organized these societies, both in England and the United States, were unskilled in the principles of life insurance and knew little or nothing about actuarial calculations, the use of mortality tables, or the actual cost of insurance protection.³ The natural result was numerous disastrous failures which in England at last attracted the attention of the British Parliament, so that laws were enacted

¹ Boyd, *Workmen's Compensation*, sec. 20.

² *Organization of Labor*, vol. 2, p. 328.

³ *Business of Insurance*, Dunham, vol. 1, pp. 274-438.

providing for supervision and control of these societies, with the aim of preventing, as far as possible, such failures. Similar legislation, with a similar purpose, was also enacted in the various States of the United States.

HISTORY OF WORKMEN'S COMPENSATION.

It will be worth while to give a rather complete history of workmen's compensation, both on account of its present widespread existence and because it has in most countries been the first branch of social insurance created by law. Consequently, instructive references concerning other branches of social insurance may be gained from the history and methods of the workmen's compensation movement.

The provision by insurance methods for the victims of industrial accidents, commonly called "workmen's compensation," is a branch of social insurance. The fundamentals of this plan were first embodied in statutory law by the social insurance legislation of Germany, which, as we have seen, began in 1883. The principles of workmen's compensation have since spread, so that, in somewhat different forms, it is now in force in nearly all of the civilized nations of the world.

In order to understand the reason for this rapid advance, it will be necessary to consider briefly the two main causes to which it has been due. These are:

(1) The inequitable legal principles fixing the liability or nonliability for accidents suffered by men while working for an employer, and

(2) The rapid and radical change in industrial conditions on account of the development of the factory system throughout the civilized world, commonly called the "industrial revolution."

Ordinarily in English-speaking countries and also in most, if not all, other civilized countries the fundamental legal principle controlling the question of accidents occurring to employees was that he through whose fault an accident occurred could be legally compelled to make compensation to the victim. There was no difference in this respect between an accident occurring to an employee and to a stranger and there was no special rule respecting employers' liability. If an employee was injured by the neglect of the employer and not by his own fault, such employer was legally liable to pay damages to the employee under exactly the same conditions that he would have been liable to pay damages to a stranger. By reason, however, of the development of different economic conditions, as the outcome of the growth of the factory system and other great industrial enterprises which required great numbers of workers, so that each employee could no longer be immediately under the direction of the employer, there originated from decisions of the higher courts certain legal rules which made a distinction between the liability of an employer to the employee and the same employer's liability to strangers. The universal and rigid application of these rules by the courts of England and the United States governed by the "common law" finally resulted in a system of law relating to industrial accident which, when considered in connection with the altered conditions created by the factory system, was harsh and essentially unjust, and, moreover, so expensive and contained so many possibilities of delay and appeal to higher courts that poor persons were often unable to successfully cope with a powerful corporation defendant. These were consequently often able to almost entirely escape just responsibility for accidents. The rules of this system, usually termed "employers' liability," can be most easily and fully understood by going back to its origin. This was a decision by Lord Abinger in the English Court of Exchequer in 1837, in the case of *Priestly v. Fowler* (3 M. & W., 1), which involved the liability of a master for an accident caused by the negligence of a fellow servant of the victim. In the decision the court remarks that there was no precedent for such a case; that it must be decided on general principles; and, consequently, in doing so, they were at liberty to look at the consequences of the decision one way or the other. These consequences and the legal (fellow servant) rule announced in relation thereto were vividly stated in the decision, which became a precedent for innumerable subsequent causes involving similar conditions.

The decision in the English case was followed by one in Massachusetts (*Farwell v. Boston & Worcester R. R. Co.*, 4 Met., 49), deciding the question the same way. The principle was finally settled in England by the House of Lords in 1858 in the case of *Barstonhill Coal Co. v. Reid* (3 Macq. House of Lords cases, 266).

Although the above cases were usually the precedents actually followed by the courts of the United States, there was also in 1837 an independent decision rendered in South Carolina on the same question, also decided in the same way. (*Murray v. South Carolina Ry. Co.*—*McMullens Law* (S. C.), 385).

In Lord Abinger's decision of the *Priestly* case, in addition to the fellow-servant rule, the rule of assumption of risk is also clearly stated. According to this rule, after an employer has done everything he should do for the purpose of securing the safety of his servants (including proper care in the employment of other servants), each servant is held as a matter of law to have assumed every other risk of the employment. These are the risks described as "ordinary," those the servant may reasonably be presumed to foresee that he will be exposed to in the occupation in which he engages, even though by reason of the nature of that occupation unusual or extraordinary hazards may be involved. The other important rule of the employers' liability law is that where the employee has been guilty of contributory negligence he can not recover damages for any injury suffered by him, and that the burden of proof is upon him not only to establish the negligence of the employer, but also that he himself was exercising ordinary care and caution and was free from negligence directly contributing to the injury.

Under the operation of these three rules continually invoked by the able attorneys of the great corporations, the ultimate result was that only a small proportion of the sufferers from industrial accidents received any compensation whatever, and in those cases in which compensation was recovered frequently half or more was consumed in the costs of the litigation. It is stated by a recent legal writer¹ that under the operation of these common-law rules injured employees have a theoretical cause of action against their employers in only about 13 per cent of the cases of injuries to them, while by various devices actual recovery of damages was defeated in a considerable part of this theoretical 13 per cent. This substantially amounted to a perversion of justice and finally resulted in the common-law employers' liability being rapidly replaced by the workmen's compensation system.

Germany.—The rules of the common law never were in force in any part of Germany. Consequently, in that nation the main cause for the enactment of workmen's compensation was the change in industrial conditions growing out of the industrial revolution which, although it began later in Germany than in England, had a more rapid progress there after it was once begun. The result of the changes accompanying the industrial revolution in relation to industrial accidents was that a large part of such accidents could not be determined to be the result of the negligence of either party.

The statistics given show that in Germany the percentage due to "general hazards of industry" at 10-year intervals was:

1887	44.96
1897	41.55
1907	37.05

American estimates place the percentage of accidents due to the general hazard of industry at 23.4 to 71.5 per cent.²

Under the legal system of Germany, in common with that of all civilized nations, no person can be held liable for the results of the negligence of another. The German employer was not liable for accidents which resulted from the negligence of the workman himself.

After deducting from the total number of industrial accidents those as to which the negligence could not be determined to belong to either party and those where the accident was the result of the negligence of the workman himself, there remained considerably less than half of the accidents in which there was a theoretical possibility of the workman recovering compensation by law. However, as in England and in the United States, employers were enabled by legal technicalities, delays, and other means to defeat recovery of damages in a considerable number of these remaining cases. The practical consequence was that in Germany the workman was, in a majority of instances, not able to get any compensation for the industrial accidents suffered by him, even though the three common-law rules which aided English and American employers to escape were not in force there. The combined effect of this injustice and the critical political conditions in Germany mentioned above was the enactment

¹ Boyd, *Workmen's Compensation*, sec. 48 (p. 73).

² *Social Insurance*, Rublinow, p. 74.

into law not only of the principle of workmen's compensation, but also of a fairly complete system of social insurance earlier than in any other country.

The German example was soon followed in those European nations whose system of government closely resembled that in Germany. It is a noteworthy fact that England and the United States, where individualism is the most highly developed, were among the latest countries to enact such legislation. Among avowed Socialists this tardiness in enacting compensation legislation by those countries where the people govern themselves has been a cause of reproach, but it must be remembered that there are no written constitutions in European countries, but that such constitutions are universal in the United States and made radical legal changes slower and more difficult.

Other nations.—The principle of workmen's compensation in different forms is now in force in 41 European nations.

United States.—The industrial and legal conditions which produced reform in the laws relating to industrial accidents in European nations also prevailed in the United States, but better social conditions here made the effects less noticeable, so that the question of the adoption of workmen's compensation laws did not attract much attention in the United States until about 1903. When, however, consideration of the subject was begun, interest was soon widespread, and numerous legislative commissions were created to study the subject. The first State legislating was New York, which, in 1910, enacted a workmen's compensation law. This, however, was declared unconstitutional by the highest court of that State in 1911.¹ The result of this decision was that, in 1913, a constitutional amendment expressly authorizing workmen's compensation laws was submitted to a vote of the people of New York and adopted by a large majority. In accordance therewith the New York Legislature in 1913 enacted a new workmen's compensation act which has successfully passed the ordeals of the courts of that State.² The movement spread rapidly throughout the country, and up to the present time workmen's compensation laws have been enacted in 31 of the 48 States of the Union, and Alaska, the Philippines, and the Canal Zone. These laws may be arranged in three broad groups, according to certain fundamental principles embodied therein, as follows:

New Jersey and Massachusetts plan: Acceptance of compensation principle optional, but penalty of abrogation of three common-law defenses as to employers not accepting. State specifies what the amount of the compensation shall be. In Massachusetts it is further required that if the employer accepts the compensation principle he must furnish a guarantee (commercial insurance company or mutual employers' association) that the compensation will be paid.

Ohio plan: Acceptance of compensation principle optional, but penalty of abrogation of three common-law defenses as to employers not accepting. If employer accepts compensation principle, he must insure in the Ohio State fund or give security to carry his own risk.

Washington plan: This provides a complete system of compulsory State insurance for enumerated industries covering nearly all those in the State. The State institution collects the insurance premiums and adjusts and pays the losses directly.

CONSTITUTIONALITY OF WORKMEN'S COMPENSATION LAWS UNDER STATE AND FEDERAL CONSTITUTIONS.

Most of the compensation statutes of the different States of the United States have either been before the highest courts of appeal of such States and have been upheld or are so similar to statutes which have been declared constitutional that there remains no doubt as to their constitutionality as far as the State constitutions are concerned. There still remains, however, some question as to whether they or some of them may not be in conflict with the Constitution of the United States, and particularly with the fifth and fourteenth amendments thereto, which prohibit property being taken without "due process of law." It is maintained by their opponents that the effect of such law is to compel an employer to pay directly or indirectly damages for injuries from accidents where he was guilty of no negligence, and that this amounts to a taking of property

¹ *Ives v. South Buffalo Ry. Co.*, 201 N. Y., 271; 94 N. E., 431; 24 L. R. A. (N. S.), 162 n.

² *Jenson v. Southern Pacific Co.*, 215 N. Y., 514; *Walker v. Clyde Steamship Co.*, 215 N. Y., 529.

without "due process of law." For the purpose of avoiding this constitutional objection, most of the statutes have been so drawn as to make the acceptance of the compensation principle optional with the employer, but with the purpose of inducing him to accept this principle, penalizes him if he does not do so by depriving him of the three common-law defenses of negligence of fellow servant, contributory negligence, and assumption of risk.

The question whether or not a workmen's compensation law without any option in this respect is in conflict with the Constitution of the United States and therefore invalid has not yet been directly passed upon by the Supreme Court of the United States. This court has, however, refused to declare unconstitutional the workmen's compensation act of the State of Ohio, which leaves acceptance optional, but deprives the employer of the three common-law defenses if it is not accepted.¹ The only question, however, directly decided by the Supreme Court in this case was that the limitation therein of the application of the act to shops with five or more employees was not an arbitrary and unreasonable classification. The Supreme Court has also rendered decisions upholding the power of the State² and the Federal³ Governments within their respective spheres to abrogate the fellow-servant and contributory-negligence defenses, notwithstanding the "due-process" provisions of the fifth and fourteenth amendments to the Constitution of the United States. Furthermore, it does not appear that there are any decisions sustaining the conception that the creation of a civil liability requires that some one be found to be morally at fault. On the other hand, the Supreme Court has rendered a decision upholding the power of the States to compel railways, although not negligent, to pay for fires caused by their locomotives.⁴ This decision, however, is claimed to be based on the rule that an extraordinary liability has long been recognized against the harbinger of fire. By another decision it was held constitutional to compel a common carrier engaged in interstate commerce receiving merchandise for interstate shipment beyond its line to pay for damage to such merchandise, even though such original carrier was free from negligence.⁵ The opinion of legal writers appears to be that when the question is squarely presented to the United States Supreme Court the workmen's compensation statutes containing the optional provisions will not be held to be in conflict with the fifth and fourteenth amendments to the Constitution of the United States, and that there is considerable probability that even those statutes, such as the State of Washington without the optional feature, may also be sustained.⁶

HISTORY OF SICKNESS INSURANCE.

The first nation to create by law a system of public sickness insurance was Germany, but its statutes did not originate the idea. Sickness insurance in Germany began in the form of numerous voluntary associations long prior to the enactment of the social insurance laws about 1883, by which, however, these voluntary organizations were largely preserved. In the 1911 revision of the social insurance system of Germany, the same policy was continued. At the present time the law provides almost universal compulsory sickness insurance for working people, as well as certain other classes of population, receiving less than a certain income (\$750 annually for teachers, officials, foremen, etc.).

Sickness insurance is effected by means of several separate funds. There are local sickness funds, rural sickness funds, establishment sickness funds, guild sickness funds, miner's sickness funds, and substitute sickness funds, formed separately for each particular branch of employment and restricted to small districts. The sickness insurance is compulsory for all persons employed in the field of industry, trade, and commerce, for miners, for agricultural workmen, while for officials and clerks only with yearly salaries up to 2,000 marks. Since 1911 compulsory furthermore for household servants, teachers, and tutors, persons engaged in home-working industries, ship's crews of German seagoing vessels, and the crews of vessels engaged in inland navigation. Besides that

¹ *Jeffrey Manufacturing Co. v. Blagg*, 235 U. S., 571. The case of *Jensen v. Southern Pacific Co.*, 215 N. Y., 514, is now in the Supreme Court.

² *Missouri Pacific Railway Co. v. Machle*, 127 U. S., 205; *Tollis v. Lake Erie & Western R. R. Co.*, 175 U. S., 340.

³ *El Paso & North Eastern Railway Co. v. Gutierrez*, 125 U. S., 87.

⁴ *St. Louis & San Francisco Ry. Co. v. Mathews*, 165 U. S., 1.

⁵ *Atlantic Coast Lines R. R. Co. v. Riverside Mills*, 219 U. S., 186.

⁶ See articles by Eugene Wombaugh, 25 *Harvard Law Review*, 129; and by Miles M. Dawson, 22 *Case and Comment*, 275.

voluntary insurance is permitted under liberal conditions to persons who do not belong to those mentioned above.

Such funds are administered jointly by employers and employed under the supervision of the State. Of the entire cost of such insurance employers pay one-third and employed two-thirds.

Benefits granted to an employee falling sick; gratuitous medical care, including the provision of spectacles, trusses for rupture, sickness pay amounting to at least one-half of the average daily wages for a period of 26 weeks—the funds are authorized by law to extend the sickness pay for an entire year—hospital care, care in the home, together with an allowance for the family in the case of hospital treatment; a pecuniary benefit is paid in maternity cases for a period of 3 weeks. In case of death funeral benefit amounting to 20 times the average daily wages is allowed to the family.

1912:

Insured men	11, 049, 275
Insured women	4, 061, 573
Together	15, 110, 848
Sickness fund (average)	22, 838
Cases of sickness (insured unable to work) :	
1912	6, 525, 858
1885-1912	105, 416, 186
Days of sickness (insured unable to work) :	
1912	128, 381, 213
1885-1912	1, 932, 306, 719

Sickness funds paid (1,000 marks) for—

	1912	1885-1912
Doctor	95, 249. 7	1, 109, 264. 3
Medicine	61, 467. 1	785, 953. 4
Sickness pay to insured	171, 647. 9	2, 217, 767. 3
Sickness pay to family	8, 873. 5	58, 518. 9
Childbed benefit	7, 241. 9	84, 225. 3
Hospital	64, 994. 1	688, 750. 6
Funeral benefit	9, 508. 5	149, 234. 0
Other benefits	8, 613. 3	82, 024. 0
	425, 693. 0	5, 176, 737. 8

England.—In England one of the main functions of the long-established friendly societies was sickness insurance. These organizations are, no doubt, descended from the medieval guilds and have been preserved by recent social insurance regulations in England.

Under the British national insurance act of 1911, insurance against sickness is called health insurance, and is combined with invalidity or disablement insurance. Under its provisions, health insurance is compulsory on all employed persons aged 16 and upward, excepting those in the naval or military service, or other employment of the nation, or under local public authorities for whom adequate sickness or disablement provision has been made. A special provision is made under other acts for railroad employees and teachers. Those not subject to compulsory insurance may insure voluntarily if they are engaged in some regular occupation and are wholly or mainly dependent for their livelihoods for the their earnings in such occupation, or have been insured persons for a period of five years or upward and do not have an annual income from all sources exceeding \$778. All insured persons must be residents of the United Kingdom, but there is no discrimination in respect to citizenship.

The weekly health-insurance dues in England are in amounts as follows:

Paid by—	For male persons.	Female persons.
Insured	4d. (8 cents)	3d. (6 cents)
Employer	3d. (6 cents)	3d. (6 cents)
State	2d. (4 cents)	2d. (4 cents)

But for workers earning less than 15s. (\$3.75) a week, the part of the dues paid by him are reduced as follows:

If earning 2½s. (67½ cents) a day or less, 3d. (6 cents).

If earning 2s. (50 cents) a day or less, 1d. (2 cents).

If earning 1½s. (37½ cents) a day or less, nothing.

Employers are authorized to make payments for their employees and deduct these from wages. No payments are required after 70 years of age.

The benefits given under the health insurance consists of medical treatment and attendance, medicines and such medical and surgical appliances as may be prescribed by the commission. Also treatment in sanitariums or otherwise for persons suffering from tuberculosis or other diseases designated by the local government board, and sickness benefits during incapacity for work for a period not exceeding 26 weeks as follows: Men, 10s. (\$2.48); women, 7s. 6d. (\$1.83).

Where incapacity for work from disease or any disablement continues for a period longer than 26 weeks, a disablement benefit of 5s. (\$1.22) a week is allowed to both men and women which continues during the whole of the incapacity.

Maternity benefits and certain additional benefits are also provided under the workmen's compensation act, or otherwise, and their benefits reduced so that the total shall not exceed the amount provided by the insurance act, or if the benefit from the other source is greater than that provided by the health insurance act, no benefit from this is paid, nor are benefits paid when the beneficiaries or inmates of any workhouse, hospital, asylum, etc., supported out of public funds.

These funds are administered by approved societies, where the insured person is a member of such society including friendly societies, trade unions, provident societies, etc. But persons not members of an approved society may pay their contributions to the post office. The general administration of the law is carried on by a body known as the insurance commissioners, and an insurance committee with a membership of not less than 40 or more than 80 persons, some of whom must be women, is constituted for every county and borough.

SOCIAL INSURANCE DESIRABLE FOR THE UNITED STATES.

A large majority of the population of civilized countries (from 50 to 75 per cent) are dependent for the support of themselves, and their families, upon wages, salaries, or other income from their work. On the average these wages or income are hardly sufficient to enable working people, and in particular those of the working people who have families, to support themselves and their families and secure the enjoyment of proper housing, food, clothing, and the other necessities of life in civilized countries, so that there is little possibility of there remaining any surplus income from which sufficient accumulations can be made to provide for emergencies.

When accidents, sickness, disablement, or involuntary unemployment afflict particular individuals, the cases are referred to as misfortunes. As regards any one individual it may be that he will entirely escape them during his entire life, and, perhaps the majority go through life without being seriously afflicted by any of these misfortunes. Every normal human being hopes for the best for himself and for his family and believes that he and his loved ones will be immune from the afflictions of misfortune. For the great majority this hope becomes so strong a belief that it controls the conduct of their lives and they entirely fail to make provision for any of these misfortunes, even when they are well able so to do.

If, however, the viewpoint is changed from that of the individual to that of the community in its widest sense as embracing the entire Nation, then the outlook is entirely different. It is absolutely certain that, considering the whole Nation, that there will annually occur a very large number of fatal accidents; that there will be a still larger number of accidents leaving the victim alive, but partially or wholly disabled; that there will be millions of people sick during a year; that there will be an enormous amount of wages lost on account of sickness and spent in attempting to be cured of sickness; that there will be a large number of men not able to gain employment, even though they honestly and persistently seek it. The statistics we have heretofore given prove all this beyond any doubt.

These misfortunes recur with absolute certainty and surprising regularity as to the total number affected by each kind of misfortune in each year. It is true that there have been rather gradual changes, either of increase or decrease, such as the decrease which has occurred in some kinds of diseases as the result of preventive efforts, and the decrease in some kinds of accidents as the result of

various preventive measures and greater care taken to guard against such accidents. It is, of course, the hope of every lover of humanity that still more can be done along these lines, but it is absolutely impossible that recurrence of these misfortunes can be entirely prevented or reduced to negligible proportions. As long as the constitution of human nature remains what it is and the organization of industries continues along present lines and includes the widespread use of powerful and complicated machinery, at high speed, many accidents are inevitable. Much sickness and other misfortunes as well as feebleness in old age are likewise inevitable.

When once the conception is fully grasped that a considerable, although varying number of accidents, that a large amount of sickness, that many other misfortunes are certain to occur each day, each week, each month, and each year in the life of the Nation; that these are an inseparable part of life under modern conditions and absolutely no other conclusion can be reached by any rational being acquainted with the undenied statistics, then it becomes equally clear that provision should be made against these emergencies just as provision is made for food, clothing, housing, and other things absolutely sure to be demanded by living human beings. That is the only rational, the only humane plan. Considering the communities' interests, that is, from the social standpoint, the failure to make provision against the result of misfortunes, which are absolutely certain to occur in the community, is as bad as the failure of the ignorant savage to make any provision for the future while he blindly feasts in the present. The individual is imbued with optimism and is deluded by the whisper of hope that an accident may not happen to him, so he yields to the insistent demands of immediate pleasure; but the mind of the community, the soul of the Nation, should be free from such frailties and adequate plans and systems should be devised and put into operation whereby provision will be made for the misfortunes certain to occur constantly in the community. A single catastrophe may not only destroy the earning power of one or many workmen, but if the loss is borne by a single employer alone his business may be wrecked.

By means of a social insurance fund security in life and business is substituted for uncertainty, by each contributing a small part of his income to a common insurance fund. Uncertainty has a depressing effect upon the human mind, while certainty gives hope and confidence to all phases of human industry and enhances ability to work. Therefore a social insurance system which will replace uncertainty by security is of great economic value because it increases productive capacity and gives a solid basis upon which business can be conducted. Commercial enterprises will not be entered upon unless there is a fair prospect of security. This security should be given to the employee and his family as well as to the employer's property.

As life becomes more complex we become more dependent upon each other for production and transportation and distribution of food, clothing, and other necessities as well as the pleasures and luxuries of life. A high national standard can only be attained through a high standard of family and home life. High home life for all can not be maintained without social insurance which equalizes burdens and renders the securing of adequate subsistence certain. The standard of the comfort and happiness of its citizens is the first test of a Nation's civilization. We must have greater certainty of comfort and less possibility of want. We need conditions which will increase happiness and decrease misery. Justice is the essence of government; happiness is the end of government; misery is a condition to be decreased by government, else civilization is a failure.

There can be no progress without pleasure and spirit, and no pleasure without leisure, and no leisure without a stable income. We must have better and more equitable distribution of wealth. We must have higher wages for workers. We must have cheaper production for consumers. Both can be accomplished by the increased power of production and the prevention of needless duplications and burdens which now affect industry. We have an abundance to supply comforts to all if properly distributed. Society should be so organized as to provide incomes for all industrious, honest, law-abiding workers sufficient for their entire life, including the dependency of youth, the uncertainties of maturity, and the infirmities of old age. Otherwise their income is not a living wage.

Social insurance will result in a more just distribution of the means of subsistence to all at all times and also in a more equal distribution of the burdens to which everyone is liable. It is a plan whereby all, by the operation of the law of average, help to bear the heavy burdens that befall the few. It encour-

ages self-help but recognizes that some may not take advantage of the opportunities by which they could make provision for accidents, sickness, disablement, unemployment, and old age, and therefore must comprise as an integral part of the plan means to compel those to do so who do not voluntarily take advantage of the opportunities afforded.

It is absolutely impossible for all these provisions to be made as was largely done in past ages by charity, either public or private. The total demands are so overwhelming that charity which, contrary to the opinion sometimes held is more active in this age than in past ages, is totally unable to adequately care for the suffering resulting from all misfortunes. Moreover, the effects of charity are unfortunately destructive and degrading to the recipients in a majority of cases. A large proportion of the hopeless paupers now burdening society are the result of too free charity.

The only rational and effective method of providing for misfortunes is by a distribution of the burdens resulting from them throughout the whole community by means of a universal and properly devised system of social insurance. Each person owning property, particularly houses, is familiar with and takes advantage of the idea of distributing the large annual loss occasioned by fire misfortunes to property through a system of fire insurance, although unfortunately, by reason of the unnecessarily expensive competitive commercial system by which this is carried out, it costs approximately \$2 to secure a return of \$1 to the actual victim of a fire. The same idea of distribution of loss is taken advantage of in ordinary life insurance, although unfortunately there, too, the cost of effecting this distribution is inexcusably excessive.

The community at large, however, has not grasped the conception or realized the fact that it is possible by means of a proper system of social insurance to distribute the losses occasioned by all of the greater misfortunes which afflict humanity in such a way that they will be easily borne by all, because the cost to each individual of the community will be very moderate. It is true that beginnings have been made along this line by the various fraternal organizations for providing against the effects of accidents, sickness, and premature death, but usually such organizations are concerned at most with but one or two of the total number of misfortunes to which every person is liable. By the vast majority of the people of the United States, the idea of general insurance against all harmful contingencies has not yet been grasped.

That social insurance is possible and practical, is proven by the fact that systems of such insurance making fairly complete provision for nearly all misfortunes have been in actual operation in several European countries for longer or shorter periods, notably Germany and England. Most fair-minded men who have studied the results of the systems of social insurance now in operation in European countries admit that they have accomplished a great deal toward the amelioration of the hard conditions of life of the workers in those countries.

Aside, however, from the presumption in its favor on account of its establishment and successful operations in these countries, the plan of a general system of social insurance is inherently reasonable. Furthermore, it is the only system which holds out any substantial hope of making provision for these emergencies. It is true that there are a few extreme socialists as well as communists and anarchists who maintain that the present industrial and economic system is responsible for all of these things, and that if this system was destroyed and some plan of their own substituted, that all kinds of poverty and destitution would be forever banished from the world. Careful consideration, however, will show the foolishness and absurdity of such contentions. As long as machinery is used; as long as sickness and disease have power upon humanity; as long as liability to disablement in earlier years and certainty of incapacity to work in old age exists, no change, however radical, of our industrial system, or of the scope of governmental operations, or even the destruction of private property could prevent the results of misfortune from being heavy burdens to those numerous and unfortunate members of society who happen to be the victims on which misfortune falls. Nothing short of the miraculous and universal interposition of Divine Power to render human nature perfect, to cause the operation of vast and complicated industrial enterprises with its attendant machinery to become absolutely free from danger, and to prevent all disease, would be sufficient to avert the certain recurrence of these misfortunes day by day and year by year. It is possible that a considerable part of them might be escaped by going back to a savage state of society in which there being no machinery there would be no industrial accidents, and where the unmitigated forces of nature would produce such an elimination of the weak and unfit that there would be

less disease, and because there was nothing to work for, unemployment would not be an evil. No sane man expects that any miracles will be wrought in this age, nor does he desire a return to the savage stage of society; neither can he reconcile himself and his ideas of justice to a continuation of present conditions in which, although it can be foreseen with absolute certainty that misfortune in various forms will inflict cruel suffering upon a considerable proportion of the community each year, no provision is made against the effects of such misfortune.

It is impossible for a large part of the working classes and others similarly situated to accumulate sufficient saving in any form to provide for the emergencies liable to happen to them. Although a great deal has been accomplished by means of voluntary insurance organizations, there is a considerable portion of the laboring class comprising those which most need relief who are either unable or unwilling to take advantage of the voluntary insurance features. Moreover, these are excessively expensive, from 30 to 60 per cent of money paid by policyholders being consumed in expenses and profits of companies or organizations operating the business. For these reasons a system of compulsory social insurance carried on by the State at its own expense and with substantial subsidies from the State, and also in some of its branches with compulsory contributions from employers, is the only practical plan to provide social insurance for all those needing it.

It is doubtless true that even the most attractive and secure plan that could be devised would fail to induce a certain residue of reckless spendthrifts to make provisions for the future of their families, but in relation to persons so devoid of every parental instinct, and so wanting in foresight and responsibility as to refuse to take advantage of such opportunities, there should be little or no reluctance for the State to apply compulsion with a strong hand. If such compulsion were only applied to those able-bodied men who failed to voluntarily make provision for their families or their own helplessness in old age, if there existed an absolutely secure State life insurance institution ready to serve them without cost, such course would not offend strong individualistic characteristics of our people. It could not be regarded as objectionable paternalism, to compel everyone to do what he should have done voluntarily, but failed to do, in order that the State might be exempted from the necessity of supporting by charity, in the future, such spendthrift or his helpless dependents. Such action by the state would only be the exercise of a prudent public policy and being in the interest of the whole Nation should, and we believe would be supported by a great majority of the people of the Nation, provided the plan was properly placed before them and sufficient time be allowed to lapse for them to fully understand its benevolent purpose and realize its immense benefits. Mere exhortations to the thriftless are wholly ineffective, and nothing can be accomplished in this way.

"Subsidized health insurance, experience has shown, has also failed to meet the situation, because its good results are not universal. Voluntary health insurance, whether subsidized or not, does not reach the low-paid workers, the very group who are in the greatest need of protection. State systems of health insurance which provide that all workers are entitled to benefits are the only systems which have reached all groups and provided universal protection."¹

Social insurance is the only reasonable hope of preventing the results of misfortune to all except shirkers and criminals. For the latter classes society should institute effective measures to protect itself, and also to provide for such classes by their compulsory labor. For its deserving members afflicted with misfortune it should provide by a universal system of social insurance.

One of the strongest objections is that the cost of a complete system of social insurance would be so high as to be prohibitive. It need not and should not be higher than the benefits which, if commonsurate, would justify the cost. If compulsory systems of social insurance are enacted, the expense of conducting the business can be reduced to a very low, almost negligible, amount, because under the present system of competitive commercial and mutual insurance the great part of the expense is caused by the employment of great numbers of competitive solicitors, who would be unnecessary under compulsory system, which would also dispense with the costly duplications of higher officials of the very numerous competitive organizations. The elimination of this useless and unnecessary expense, together with contributions in some branches of social insurance, such as accident and sickness, of substantial subsidies by the State.

¹ Bulletin 76, Public Health Service, p. 49.

which it would be justified in paying, because it would thereby be relieved of the necessity of much public charity, would be sufficient to make adequate provision for every workman and others similarly situated and their dependants at a cost which would not be prohibitive or unduly burdensome upon those insured, particularly if the payments required from the worker were allowed, encouraged, and even compelled to be made in large amounts early in life before the support of a family rested upon him, and at other times as the worker was receiving ample income until his insurance was fully paid up for life and a pension provided for old age.

If there was created a State or national insurance institution (preferably national, although it may take a constitutional amendment to render this possible) which would be conducted without expense to the insured, so that his dependents would receive the total amount due by actuarial calculation from the payments made by the deceased, it would go far toward making life insurance serviceable to the humblest wage earner. The State or Nation would be justified in paying the expenses of such an institution out of the public funds, because it would prevent many dependents of workers from becoming charges on public charity. Such a public-insurance institutions should allow and encourage large payments at any time the insured had a surplus. By a worker starting young and paying in a few hundred dollars rapidly before he had a family requiring for its support all or nearly all of his wages he would be able to make an adequate provision for his future family, which he would probably be unable to do if regular payments must be made throughout his whole life. If there existed a State-insurance institution, the policies of which were as certain to be paid as the bonds of the National Government, there would be no hesitation on the part of wage earners when young to make large payments, which, on account of the large amount of insurance purchaseable with a given sum when he is young, would enable all workers to provide adequately by insurance for their dependent families even if after they actually had a family they were able to make few or no payments for insurance.

With present enormous and unnecessary expenses of commercial forms of insurance eliminated and the distribution of risks carried on at cost and without the enormous waste involved in competitive commercial methods, the actual cost, although large, would not be such as should prevent the creation of such system at the present time. Fire, life, accident, sickness, and other existing forms of insurance cost the people of the United States approximately \$1,500,000,000 annually. The liberally estimated total annual cost of a complete system of social insurance in the United States would not exceed \$2,000,000,000. This would include a considerable part of the cost of the present insurance in the United States, because it would include most present accidents, sickness, and fraternal, as well as industrial life insurance. Consequently, it is probable that the placing in operation of a complete system of social insurance would not more than double the present insurance bill of the United States, which is little felt by anyone. Even if thus doubled the cost of insurance would not inconvenience the people of the United States, particularly as the distribution of the cost, as well as the benefits, would be much wider and more uniform.

"Under an efficient health insurance system a contribution of approximately 50 cents per week per insured person (25 cents by employees, 20 cents by employers, and 5 cents by Government) should enable the insured person to receive: (a) \$7 per week when disabled on account of sickness or nonindustrial accident for a period as long as 26 weeks in one year; (b) adequate medical and surgical care during disability; (c) medical and surgical care of wife of insured person during confinement; (d) a death benefit of \$100. Budgetary studies of large numbers of workmen's families show that many workers pay as high as 90 cents per week and receive little more than actual funeral expenses."¹

By increasing the efficiency of workers, promoting the prevention of accident and disease, and reducing unemployment, there would be a gradual and continuous decrease in the total cost of social insurance. But the chief and sufficient recompense will be the immeasurable economic advancement, general social upbuilding, and improvement of the condition of humanity through the prevention and mitigation of suffering from poverty and the consequent increase of contentment and human pleasure. The enormous advance in civilization and the accompanying unquestioned betterment of the conditions of life and happiness of the average worker is but an earnest of what is possible in the

¹ Bulletin No. 76, Public Health Service, pp. 67-68.

future if prudence and wisdom are exercised in directing the future course of social development, and among other things inaugurating a complete system of social insurance. The mere economic loss sustained by society each year caused by inefficiency resulting from human disablement, poverty, and misery is manifold greater than the total cost of complete social insurance.

Social insurance is a science or method admitting of almost infinite variety in respect to the character of the organization and the practices which may be implied to attain the desired result. Under the present Federal organization of the Nation into separate States concrete action in most lines concerns primarily the individual State. The problems involved, however, are Nation wide in their significance, and we need a national opinion on the subject.

The value of insurance is indicated by the extensive manner in which the excessively costly commercial insurance against loss by fire, death, and accidents, and sickness have been taken advantage of by the wealthier classes. This may be owing to superior foresight of these classes or the better financial ability to pay the cost, or both. However this may be, it is undeniable that insurance is more needed by wageworkers and others in like situation than by the wealthier classes, and should be carried by them universally. In order that this may be accomplished, however, it is necessary to provide a system or systems by which such insurance can be secured at a very low cost of management, and the advantages so strongly presented that even those with little foresight or thrift will be led to take advantage of them, and including compulsion to be applied to those wholly not having sufficient foresight to take advantage of a good system, once created.

There is liable to be some prejudice caused in the minds of those unfamiliar with insurance matters by the name, social insurance, on account of the implication that it is primarily a part of the creed of the socialistic and communistic parties. This idea is baseless. Historically, in Germany, where it originated, the Socialists opposed what we now term social insurance. In fact it was devised by Bismarck as a means of defeating the Socialist movement, while it is now accepted by many Socialists in the same way that they accept vaccination against smallpox and typhoid fever as beneficial. This does not render it a distinctively socialistic measure, nor should it be included in any prejudice in the minds of the general public against the doctrine of the Socialists and Communists political parties.

It is admitted that the compulsory element of the social insurance system implies that there is a considerable proportion of the people who do not have sufficient self-control, foresight, and thrift to voluntarily take advantage of the benefits of social insurance, even when the plan included large contributions from employers and substantial subsidies from the Government. This is sad and discreditable, but is an unalterable fact, which must be taken into account in considering social plans, because under modern times even the thriftless and reckless can not be abandoned to perish by starvation and disease when unable to earn their own support. Therefore, compulsion should be applied to the thriftless, to make them at least assist in making provision for the emergencies which will certainly later occur to some of them.

It is coming to be generally admitted by those most competent to judge that, for any branch of social insurance to even approximately fulfill its purpose by furnishing protection to the classes most needing the same, that it must be made compulsory on all who can not furnish proof that they have otherwise made provision for their dependents and themselves against all the emergencies which bring disaster to those without money. Among these, one of the most recent is Dr. S. S. Huebner, professor of insurance and commerce in the University of Pennsylvania, who, in a recent address, advanced this idea, saying in substance:

The evidence abundantly shows that a comprehensive plan of insurance protection for wage earners can not be left to voluntary action. The success of ordinary life insurance companies has been due primarily to the agency system, but these have not and can not succeed in reaching the majority of wage earners. The voluntary plans of life insurance undertaken by Governments have also been failures, as shown by the results in England, Massachusetts, and Wisconsin. His conclusion is that if the benefits of life insurance are to be generally applied, it will be necessary for society to use the principle of compulsion. Compulsory education is already accepted as a matter of course, and the principle is rapidly being extended as a preventative of the evils arising from the extensive alcohol habit. Within the social insurance field, a considerable number of States have made industrial accident comp-

pensation avowedly compulsory, and in effect it is compulsory in all. Life insurance against premature death, and also insurance against sickness and disablement are many times more important than industrial accident compensation, and it is just as fair to apply the compulsory principle to these as to insurance against industrial accidents.

The average working family needs support just as badly in case the income producer dies or is disabled from other causes than when this occurs while engaged in his industrial pursuits. Any comprehensive plan must contain the element of compulsion if general social insurance is to be universally applied among wage earners and is to fulfill its great mission to this class. But in the application of compulsion, emphasis should be placed on the fact of insurance rather than the method of insurance. There should be a compulsory requirement of a minimum protection but no compulsion as to the insurer from whom the insurance must be purchased. The insurance should be compulsory and the insurer optional.

The compulsory insurance plan should be supported for the reason that if life insurance is required of all workers with dependents, the present level of wages must rise sufficiently to pay the required insurance, thus placing the insured in as favorable a position as he previously was when he carried no insurance at all. Then the required insurance will help to cause the policyholder to realize its great benefits and bring him in to the market for additional insurance, or promote savings for other purposes.

Still another consideration, and one which should have great weight with those desiring social progress, is that a system of social insurance would be the best practical school in cooperation possible and should help to soon bring about the era of universal production and exchange through a complete system of cooperation which would give to the workers the entire results of their toil apportioned to each according to the demands of justice instead of the present capitalistic and monopolistic system in which the managers appropriate all of the products of labor excepting only such pittance as may be necessary to hire the workers to perform the labor necessary in production. This is possible by reason of the pressing necessities for food, clothing, and other requisites of life which operate ceaselessly and relentlessly upon the worker, while the capitalist is largely free from their coercive influence. The only escape is by universal cooperation and whatever hastens its coming is worthy of the support of every lover of humanity.

In addition to the general considerations in relation to social insurance as a whole, there are certain considerations concerning various branches which can be best apprehended by arranging them separately for each branch.

WORKMEN'S ACCIDENT COMPENSATION.

Under the modern industrial methods involving the use of powerful and complicated machinery in great factories, accidents occur with much regularity when the different industries are considered in the aggregate. This continual occurrence of accidents can only be partially prevented by the most careful measures on the part of both the employer and the employee. This means that there is a certain proportion of accidents which are inherent in the different trades and industries. This is often called the "trade risk," to distinguish it from the accidents which are caused by negligence of either employer or employee. The proportion varies in different industries and at different times, but in the best-managed industries, where most of the accidents due to negligence are eliminated, the proportion of "trade-risk" accidents are high. Under the common-law system of employers' liability compensation could not be recovered by the workmen who suffered accidents occurring without fault on the part of the employer. Nevertheless, such accidents of course caused suffering and loss of time and wages just as effectually as though caused by the negligence of the employer.

Workmen's compensation distributes such losses, causing them to be paid by the industry, and ultimately by all the consumers of the product of that industry, which is simple justice, because, on account of the modern division of labor, all share in the fruits of the workmen's labors. Therefore, all should as a part of the price of manufactured goods make such contribution that the burdens and losses occurring to workers from inevitable accidents in the industry can be compensated.

Laws requiring compulsory compensation to be paid by the employer or insurance carried for that purpose excites in him a direct and strong interest in

measures of prevention, and in this way workmen's compensation becomes an important aid to the prevention of accidents which, of course, is even more desirable than mere compensation, which seldom fully reimburses the worker for the money he actually lost through the accident, and never affords compensation for the suffering. In this way, through the employer, workmen's compensation exerts a constant economic pressure toward prevention, which has more influence toward reducing accidents than the laws requiring occasional factory inspection.

Another important benefit of workmen's compensation is that it prevents many of the serious antagonisms which develop between employers and the employees, which have tended to cause them to indulge in mutual recriminations, instead of both exerting themselves earnestly and constantly to reduce accidents. It effectively promotes mutual understanding and cooperation, and causes the employees to take a deeper interest in the business of the employer and work earnestly for the prosperity of his enterprise. It relieves the employers from the loss of time and heavy expense incident to long and bitter lawsuits about accidents.

The fact that none of the 31 States of the Union which have passed workmen's compensation laws, or of the 41 European nations which have enacted different forms of workmen's compensation laws, have seen fit to return to the old system, is strong proof that the compensation principle is just and promotes the welfare of society. If the contrary were true, experience would by this time have disclosed it, and some at least of the States and nations concerned would have returned to the old system. That this has not been done, is conclusive proof that workmen's compensation works for the greatest good to the greatest number, which is the highest criterion which can be applied to any law.

It is not improper for the State to operate a State institution for industrial accident insurance, because, under private commercial accident insurance the expenses are excessive, usually amounting to half and sometimes to more than half of the premiums collected from the employers. This throws an unjust burden upon society in the form of the higher prices which must be charged by the employers to pay the excessive expense of this insurance. In the end, all the cost, including useless expenses, is paid by the consumer. In a compulsory, exclusive State fund, the expenses would either be very low, or paid altogether by the State.

By the passage of workmen's compensation laws, all of which in practical effect compel nearly all employers to take out accident insurance for their workmen, the State has created a vast insurance business. This business is carried on by private companies in an exceedingly and needlessly expensive and cumbersome manner, and they are able to charge such rates that they make immense profits besides. Instead of thus by law favoring the accident insurance companies, at the expense of everybody concerned, the State should do this insurance business itself through a State fund as in Washington and Ohio, and thereby render it as little burdensome as possible to the consumers who ultimately bear the burden of such insurance.

INDUSTRIAL DISEASE COMPENSATION.

When once the principle is admitted that workmen should be compensated out of the proceeds of the industry for injuries by accidents arising out of and in the course of their employment, as is now generally done, it is entirely inconsistent not to likewise provide compensation for disease arising out of and due to occupation.

In the industries of the Nation there are men who, because they believe it is necessary to support their families or themselves, enter occupations which involve much danger to health or life. When a man under the accident compensation law begins his work, he knows that only a small fraction of 1 per cent of the men so occupied will meet with an accident, and is willing to take a chance, because he and all of us believe deep down in our hearts that accidents will not happen to us, but when a man goes down into a caisson, beneath the river bed, and works in short shifts under heavy air pressure, he is doing work which is very liable to result in disease or death, and those who profit by his heroism should compensate that man and his family for what he has suffered and sacrificed. In occupations in which lead is used lead poisoning is as certainly to ensue to some workers as night is to follow day. Out of 7,400 employed in smelting and refining works 1,769 cases of lead poisoning were discov-

ered in the year 1912, while out of 1,600 employed in white and red lead industry 388 developed lead poisoning in 18 months.¹

Other well-known poisons, such as phosphorus and arsenic, also produce very deleterious effects to the workers in the industries using them. Other less well-known poisons, such as ammonia, aniline dyes, carbon monoxide, calcium hypochloride, wood alcohol, oxalic acid, carbolic acid, and turpentine oil, may also be injurious. There is also a possibility of contracting anthrax and glanders from handling hides or animals infected with those diseases.

The effect of other occupations toward producing disease is plainly shown by the statistics already given (p. 204). If a council of doctors had framed the first workmen's compensation act it is probable they would have chosen occupational diseases instead of accidents for compensation if only one class could have been obtained. The reason that accident compensation was considered first is that they are more dramatic. The blood flows, the limb is broken, the man is suddenly stricken into helplessness and carried to a hospital or to his home. Occupational diseases are entirely different. There is nothing dramatic about them. Slowly and insidiously the poison works upon the system of the victim; anemia, weakness, and helplessness crawl on so slowly that even the sufferer himself is not aware when they began.

Every consideration of social justice demands that occupational diseases be compensated by contributions wholly from the employers in the same way that industrial accidents are now generally compensated. It is very probable and strongly to be hoped that compensations for industrial diseases will result in the wider and more thorough application of preventive measures against occupational diseases, which would be a much more valuable result than mere compensation. Furthermore, these preventive measures, if carefully planned and thoroughly carried out by both employer and employee, can prevent a much larger proportion of occupational diseases than it is possible in the case of preventive measures against accidents, which always involve more of the unforeseen than the effect of poisons. An occupational disease compensation system would strongly direct the attention of all parties to and so disclose the effect of poisons, etc., which is now little realized by either employer or employees, and in this way promote preventive measures.

GENERAL SICKNESS INSURANCE.

In relation to general sickness insurance, the arguments in favor of social insurance as a whole apply so fully that there is no need for repeating these arguments which have already been given. The statistics we have reprinted show that there is at all times an immense amount of sickness in every part of the United States, and that this results in immense loss of working ability, expense for medical treatment among workers and others of like financial means. Keeping in mind that from various causes a very large part of the workers are not able to accumulate any property, then, when sickness comes, want and suffering follow immediately. The fact that the disease itself, as well as the lack of any accumulations of property, are frequently only the inevitable result of the ignorance, negligence, and the shortsightedness of the sufferer does not diminish his misery.

For such a universal need charity is both an inadequate and improper remedy. A system of compulsory sickness insurance is the best means for dealing with sickness and its consequences. The State is justified in making a contribution, because this will prevent it from becoming liable to support the sufferer by public charity, while a contribution from the employer is justified on the grounds of the greater efficiency and better supply of labor in his industry, as well as on other more altruistic grounds. Unless some compulsory method is adopted, there will always be large numbers who will fail to make provision for sickness, and for the benefit of this class it should not be considered a burden for those who would make provision for themselves to be obliged to make a contribution, provided they also when sick share in the benefits of such insurance.

As we have seen (p. 106), the yearly total number of fatal accidents is 82,520 and of nonfatal accidents, causing more than seven days' loss, is 208,361. This is justly regarded as terrible, but comparing these figures with those of sickness, ordinary and industrial, and the loss occasioned thereby (pp. 202 and 203), we find that sickness is still worse and begin to realize, as well as it is possible

¹ Bureau of Labor Statistics, Bulletin 141, p. 18.

for the human mind to comprehend such enormous numbers, the vast loss suffered by the workers on account of sickness. These statistics show conclusively that sickness is a greater cause of suffering and destitution than all kinds of accidents combined.

We believe that this judgment will be confirmed by the personal experience of every reader who on thinking the matter over will invariably, we believe, remember that in the circle of his or her acquaintance, very much more suffering and loss of time has been caused by sickness than by accidents. This holds good even in mining or manufacturing districts, where the largest number of accidents occur. Consequently, even though there is lack of complete sickness statistics for the whole of the United States, the indisputable information available and the uncontrovertible conclusions drawn therefrom, render it entirely unnecessary to wait until complete statistics concerning sickness in the United States are collected before we consider what steps should be taken to provide means for alleviating the enormous and appalling amount of destitution and suffering annually caused by it in the United States.

Owing partly to the immense amount of sickness always prevalent in the United States, and partly to the incorrigible improvidence of a great part of the classes which suffer most from this sickness, it is now and always will be wholly impossible for voluntary insurance to protect more than a part of our population against sickness. This is proven by the following undisputed facts regarding existing voluntary sickness insurance funds:

"1. The funds of the trade-unions affiliated with the American Federation of Labor cover only a fraction of their members.

"2. The establishment funds, although constantly including more workers, never embrace more than those in the large establishments controlled by enlightened employers.

"3. Even the fraternal societies are not likely to reach any great number even if it is desirable to extend this unscientific method of insurance.

"4. Moreover, it does not seem possible that the commercial health insurance can develop to meet this need, since it has taken the companies 25 years to build up a business not yet including a million policies.

"5. Nor can the industrial life insurance companies do very much in this field, according to the testimony of Mr. John Dryden, president of the Prudential Life Insurance Co."¹

Moreover, by means of a system of sickness insurance, provision can be made for giving the necessary medical treatment much more cheaply and effectively than can otherwise be done, and, above all, preventive measures will be effectively encouraged and made universal. This alone would be worth all sickness insurance would cost. A system of sickness insurance to which all contribute should and would give each contributor a direct and personal interest in keeping down sickness in the community in every way possible. Many diseases depend either partially or wholly upon the neglect or absence of adequate precautions by each member of the community against them.

The most generous indemnity can not fully compensate any person or his dependents for the loss and suffering occasioned by sickness. The favorable results which we have mentioned as attending the preventive measures which have been so far applied, render us confident that, as the science of preventive medicine is still further developed and the benefits of its methods become more and more generally understood by the masses of our population, that the ravages of disease will be constantly lessened, particularly as relates to the contagious and infectious diseases. Perhaps even in respect to those diseases which are on the increase more profound study may discover means and develop methods by which prevention can accomplish much toward the lessening of these. In relation also to this class of diseases, there is strong hope that the new science of eugenics will be able to accomplish much toward their prevention when its principles become more generally understood and acted upon both by the individual and by society in its corporate capacity taking measures to prevent the reproduction of defectives, degenerates, and those with vitiated blood and impaired vitality. From this class come the great majority of those afflicted with insanity, epilepsy, as well as many chronic and constitutional diseases, which directly and indirectly constitute an immense and needless burden. Society should not cease for a moment its contest against disease by preventive measures of every kind, but this struggle

¹ Private letter Mar. 31, 1916, from secretary of the American Association for Labor Legislation to Hon. Rufus M. Potts, insurance superintendent of Illinois.

does not mean that we should not at the same time encourage and extend sickness insurance, and thereby mitigate so far as may be the suffering and destitution caused by disease and consequent economic loss.

"Any system of health insurance for the United States or any State should at its inception have prevention of sickness as one of its fundamental purposes. This country should profit by the experience of European countries, where after a long period of evolution, prevention is being recognized as the central idea necessary if health insurance is to attain its greatest success in improving the health and efficiency of the industrial population. * * * To obtain the highest degree of success in America, it would appear that health insurance systems should be very closely correlated with National, State, and local health agencies. If these agencies are at present inadequate, they should be enlarged and strengthened instead of attempting to create new and independent health agencies."¹

OLD-AGE PENSIONS.

A very large number of the people of the United States over 65 years of age are dependent upon public and private charity to the estimated amount of about \$250,000,000 annually, and the indications are that the proportion of dependent aged persons is increasing.²

The active causes—misfortune, unemployment, low wages, sickness, and disablement are increasing. Present efforts at relief, although widespread, are remedial but not curative, only making provision for perhaps one-third of the old-age necessities of the workers of America, leaving two-thirds unprovided for otherwise than through the operation of the poor laws.

We must not fail to remember also that not nearly all people who make their living by labor will survive to a time when they will be helpless on account of old age. In fact, taking the whole population, there is only a comparatively small number who will do so. The individual workingman has the excuse that he is not certain that he will live to a time when old age will render him unable to work and that a saving out of his wages, a sufficient sum to support him during old age, is an unnecessary deprivation of pleasures which he could have enjoyed through life. In this view of the case, the reasonable thing is that the individual should provide for a possible old age by cooperating with other workingmen in some plan of old-age insurance.

UNEMPLOYMENT INSURANCE.

The great problems of unemployment are largely due, in last analysis, to the inability of employers and governments to adjust production to demand. The organization of industry is still crude, awkward, and full of defects, and the result is widespread misery caused by irregularities in work from these defects.

The best and most numerous customers for the products of manufactories and farms, as well as the main supporters of commerce are the working people, but hundreds of thousands of them are frequently deprived of means to purchase the commodities they need because they have been discharged from employment for one reason or another, and thus the whole industrial system suffers and the irregularities are increased until they become so pronounced that they are called "hard times." The individual, or even organizations, such as labor unions or federations, are entirely helpless to either prevent these continuously recurring industrial crises or save the workers from the dire effect of a cessation of their daily income. It is a problem that only society as a whole can have even a reasonable hope of solving.

The best method available for society in its attempt to deal with the problem of unemployment is unemployment insurance. This may be organized in two ways, the voluntary and the compulsory. The voluntary form is carried out by associations or organizations of workers in a particular industry or trade, and usually is a part of the ordinary trade union which has many other functions. Many of these collect benefit funds which are paid out to the members when out of employment. A common modification of this plan is where these voluntary associations are subsidized or given aid by the State, the city, or other political division. This subsidy is usually in the form of a certain percentage of the contribution made by the organization. This modification is

¹ Bulletin 76, Public Health Service, p. 51.

² Old Age Dependency in the United States, Squier, p. 324.

usually known as the Ghent system, because it was first used in the Belgian city of that name. The contributions by that municipality is 60 per cent of the amount contributed by the union. The city also maintains a municipal labor exchange in the management of which the unions and the employers have equal representatives. Any workman desiring to obtain the unemployment benefit must report at the labor exchange that he is unemployed, and it endeavors to find work for him. Not until the bureau has failed to obtain work for him is the workman eligible to the unemployment benefit. Various modifications of this plan have been adopted in practically all of the cities of Belgium and 25 cities in Holland, 20 in France, 10 in Germany, 3 in Italy, and 2 in Switzerland. There is also a national provision for unemployment on substantially the Ghent plan in Belgium, France, Denmark, and Norway. In France the local organizations receive a subsidy of 20 per cent of their unemployment benefits paid to workmen, but the idea of unemployment insurance does not appeal to French workmen. Although Germany has the most complete system of social insurance in Europe, there is no national provision for unemployment insurance. Certain German cities, however, as already mentioned, have subsidized unions which pay unemployment benefits on the general plan of the Ghent system.

In favor of the Ghent system are the ease with which it can be administered through existing agencies of labor unions, and the fact that all claims go through the hands of officials who are familiar with all the features of the labor market in the trade in which the applicant works, and that it results in encouragement of individual thrift and initiative because it only helps those who are willing to help themselves.

The successful operation in these countries of unemployment insurance should secure for it favorable consideration for the United States. A recent writer on the subject of unemployment¹ makes the following recommendations concerning unemployment insurance here:

"The unemployment insurance systems in use in foreign countries are not especially adaptable to this country. They would need careful modification, based upon a thorough study of conditions here, with due reference to city and State limitations and to the great areas over which labor is distributed. The successful administration of unemployment insurance is logically dependent upon an efficient system of public labor exchanges, which should precede its adoption, or upon the thorough organization of labor and the willingness of capital to have funds to which it contributes paid out through unions. Neither of these conditions prevails to an extent assuring success by this method. Insurance against unemployment should be begun in America in an experimental way by urging unions to increase out-of-work benefits to members; by having industries adopt a system applying to their own plants; by providing State funds to be administered in connection with public employment exchanges, with committees representing employers, the public, and employees, to safeguard their disposition. We shall then be ready to formulate a national policy.

The argument that social insurance forces the thrifty and unthrifty into a single class and takes away a part of the earnings of the thrifty to be spent for the benefit of the idle and thriftless would perhaps be justified if all of the money which goes into the social insurance fund was collected from the workers; but, as is explained in the description of the various branches of social insurance already given, only a part of the money which makes up the insurance fund is collected from the workers. The proportion of the workers' contribution is different in the various branches of social insurance, ranging from none at all in accident compensation to two-thirds in general sickness insurance in some countries.

Taking into account the contribution made by the employer and the contribution made by the State in the different nations, the thrifty, healthy, careful worker gets a larger return from the money which he pays into a social insurance fund than he would in any private insurance institution, even a mutual, in which the members were most carefully selected in respect to health, morality, and nonhazardous occupation. This being true, it is entirely unjustifiable to claim that compulsory social insurance would be inequitable to the best workers. The most that can be claimed is that the more reckless, diseased, or defective receive more of the contributions made by the employer and the State than the thrifty, healthy, careful workers. The results of negligence and improvidence are painful and disciplinary and undesired by anyone. The fact

¹ "Out of Work," a study of unemployment. Frances A. Kellor (1915). p. 488.

that a larger part of the contributions of other interests to the social insurance fund happens to go to those beneficiaries having these unfortunate personal qualities is not a valid argument against social insurance.

"He maketh his sun to rise on the evil and on the good, and sendeth rain on the just and on the unjust."¹

The fact that the sun shines on the evil as well as on the good and that the rain falls on the unjust as well as on the just is not an argument against the life-giving sun or rain. Neither should the fact that social insurance benefits even in a higher degree the thriftless, the defective, and the careless be regarded as an argument against social insurance. A system of social insurance need not interfere with the mobility of labor. It would not be difficult if there were a national social insurance system to work out a transfer system which would permit the worker to go wherever conditions were most favorable and at the same time retain his place and standing in the system.

While the immigration of excessive numbers of workers, such as has occurred in the past, would give rise to difficulties, these should not be allowed to deprive our people of the benefits of social insurance. Requirements should and could be made as to a certain period of residence and probably the attainment of citizenship before the benefits, or at least the full benefits, of social insurance would be extended to immigrants. Moreover, owing to the effects of the present great war, as well as the fact that the population of the United States has now increased to the point where our own citizens are sufficient in numbers to do the work of the Nation, it is highly probable that never again will immigration bring into the country any such flood of workers as in the past, so that difficulties from immigration are not likely to be serious hereafter.

BLIND COPYING OF SYSTEMS OF OTHER NATIONS NOT INTENDED.

There is no necessity and there is no intention of blindly copying the social-insurance system of any other nation, and particularly of those nations whose systems of government and social organization are not democratic, but despotic and autocratic in principle. There is no reason why plans for all branches of social insurance can not be worked out for the United States which will be adapted to our free democratic Government and our accompanying social organization. These will not interfere with the individualism of our people, but, by affording them protection from the inevitable and crushing emergencies of life, will enable them to more fully enjoy life and liberty. Social insurance should not be condemned because unfavorable reports have been made on the particular plans in use in some of the European countries. These plans are changed from time to time in the countries in which they are in force as their weaknesses and defects are discovered from experience. What we should do is to consider carefully their experience and avoid such defects as have been found to exist. However, these defects are not nearly so serious or widespread as the opponents of social insurance would have us believe.

PREJUDICED REPORTS.

England.—The recent report of the committee on preliminary foreign inquiry of the social insurance department of the National Civic Federation on the recently created social insurance system of England, which is frequently quoted by opponents of social insurance, is decidedly one-sided. It was evidently written by some one violently opposed to the idea of compulsory social insurance of any kind, and who was consequently unable to see anything good in the English system on the compulsory plan. The entire report is strongly colored with prejudice.² It is well known that one of the members of this committee submitted lengthy briefs to the New York constitutional convention of 1915 strongly opposing any authorization of social insurance by that body, and has elsewhere vigorously and continually opposed any kind of insurance by the State. Not being made by impartial men, little weight should be given to the statements made in this report. Moreover, the social insurance system of England has been in operation too short a time for trustworthy results to be attained.

Germany.—The unfavorable results charged against the social insurance system of Germany are greatly exaggerated. Prof. Hugo Munsterberg, the eminent psychologist of Harvard University, who, being a native and still a

¹ Matthew : v, 45.

² Survey 33 : 695.

citizen of Germany, is intimately acquainted with the social conditions in that nation, says:

"Of course, you hear in Germany the critical remarks about some features of the insurance system, but the common ground on which all these criticisms are placed is the enthusiastic satisfaction with the system as a whole. I have never met an educated German who would think it better that no such insurance system should exist in Germany. Every criticism is meant as a contribution to possible improvements in detail, but never as a negation of the principle itself. The German nation knows that the introduction of the system was the greatest social reform which has ever been carried through in the German Empire, and compared with the general success the complaints are almost trivial. There is a hundred times more complaint both in Germany and in America about the system of private capital; and yet the fact that you can easily bring together some radical socialistic utterances about the maliciousness of capitalism would not indicate that America or Germany fundamentally disapprove of the institution of private capital."¹

Impartial writers who have investigated the social insurance system of Germany have formed favorable opinions of its results. W. H. Dawson, an English writer, thoroughly acquainted with German conditions, and who has published several books on Germany, says in his *Evolution of Modern Germany* (pp. 156-157):

"The effect of the triple system of insurance is to secure workpeople in times of sickness or accident complete medical treatment, either at home or in hospital, with such monetary benefits that the home can be maintained at the usual level of comfort without any serious depletion of family savings, where such exist, while pensions are granted in the event of premature invalidity and in old age. By this provision the weight of uncertainty and apprehension, which presses so heavily on the lives of workingmen concerned to meet their responsibilities as heads of families, is sensibly relieved, for, should the worst come, absolute want need not be feared. Of all the measures passed in the interest of the working classes during the past quarter of a century, the insurance laws are not merely the most beneficent; they are also unquestionably the most popular. They are still criticized freely, but only on points of detail and methods of administration; the workman would sacrifice any laws rather than these."

Frederic C. Howe, a competent student of social conditions in various countries, in his recent book, *Socialized Germany*, says:

"The insurance laws have been in force for 30 years and to-day Germany is a unit in approval of the legislation which has been enacted. There is no protest from manufacturers or employers. Every one seems to realize the value of these measures in the increased efficiency of the workpeople, whose health and well-being is greatly improved by virtue of the protection afforded them. * * * And a generation's experience has amply justified the wisdom of Bismarck's program. It has in a measure softened the relation of employer and employee, although it did not check the growth of the Social Democratic Party or weaken its requests for further concessions to its political and social demands. But it has contributed greatly to the efficiency and well-being of the working classes. It has relieved them of the haunting fear of sickness, old age, and destitution. It has completely checked the tendency to emigrate."

The objection that old-age pensions would force the hardworking and provident to pay for the support of shirkers and criminals, should not be allowed to turn the scales against social insurance, because this is already done under the present system which taxes the thrifty to support paupers and also law-breakers when confined. There is little if any difference between the effects of the two systems in this respect.

There is no fundamental reason why compulsory State or National social insurance would be impossible under our form of government. It is not inharmonious with republican form of government because it exists in France, in Switzerland, and New Zealand, which have such forms, neither is it inconsistent with our Federal system, because Germany and Switzerland, which have federal systems, have successful systems of compulsory State social insurance.

¹ Private letter of Prof. Hugo Munsterberg to Hon. Rufus M. Potts, Insurance superintendent, State of Illinois.

The old idea of government was that it was an oppressive and repressive force exercised from above upon the people. Remnants of this idea, which was only too correct, still survive in the thoughts of man. The truth of the new democratic idea of government is that the government is simply the agency through which the people carry out their own will. Government, in this country, is simply a vast cooperative organization through which the people do cooperatively all those things they can do better that way than they could individually. There is no more paternalism in the Government handling social insurance than there is in the Government building and maintaining roads and schools.

The wonderful industrial progress and advance of civilization during the past most marvelous century of the world's history has not stopped the occurrence of accidents, sickness, and other misfortunes, nor destroyed their power to bring bitter and undeserved suffering to immense numbers of our citizens. On the contrary, it appears to have multiplied their number and augmented their potency so that the right solution is more urgently demanded than ever before in the history of the United States.

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APPENDIX B.¹

THE RECENT TREND OF REAL WAGES.

[I. M. Rubinow.]

The rapid increase in the cost of living within recent years has given special significance to the study of fluctuations of prices and wages. For necessary data American economists have learned to look to the Federal Bureau of Labor Statistics—to use the present official designation so frequently changed since its establishment in the early eighties. Early studies were made in the sixth and seventh annual reports published in 1890 and 1891; but most important is the eighteenth annual report in 1903, entitled "Cost of living and retail prices of food." The first half of this document presented the results of a comprehensive investigation as to the cost of living of a large number of families, mainly those of wageworkers. The second and smaller part contained an equally comprehensive study of retail prices of food in the same localities in which the cost of living was studied. The number of localities studied was scattered over 33 States, so that the material was sufficiently representative. Prices were studied for 30 articles of food, while the number of different grades for which prices were obtained substantially increased the statistical material. In all over 5,000 schedules were obtained.

The most noteworthy feature of this investigation, however, was the collection of retail price quotations, not only for the year of investigation but for a series of years preceding it, namely, 1890–1903. Material was thus obtained for gauging not only the fluctuations in price of any one article of food but of food prices in general. In this manner an index number of food prices was secured. For the purpose of weighting the price fluctuations of the 30 different articles use was made of the cost of living investigations, the relative price of each article being weighted by the relative importance of the article as measured by the average consumption of 2,567 families.

The accuracy of this method of weighting was often questioned, especially its adaptability to a long series of years in view of the changes in the consumption habits of a shifting population. The difference between the weights ascribed to individual articles of food was great, from 1,531 units (out of a total of 10,030) in the case of fresh beef and down to 80 for cheese; but in accordance with well-recognized rules of statistical practice² the weighting influenced the general average but little, as is shown by a comparison of the following two series:

TABLE 1.—*Relative retail prices of food.*

(Simple and weighted averages compared.)

Year.	Simple average.	Weighted average.	Difference.	Year.	Simple average.	Weighted average.	Difference. mmmmm
1890.....	102.1	102.4	+0.3	1897.....	96.3	96.3	.....
1891.....	103.4	103.8	+ .4	1898.....	98.5	98.7	+0.2
1892.....	101.8	101.9	+ .1	1899.....	99.6	99.5	— .1
1893.....	104.1	104.4	+ .3	1900.....	101.5	101.1	— .4
1894.....	103.3	99.7	— .6	1901.....	105.5	105.2	— .3
1895.....	98.2	97.8	— .4	1902.....	110.9	110.9	.....
1896.....	95.8	95.5	— .3	1903.....	110.9	110.3	— .6

The margin of variation between the two methods of weighting for 14 years amounted to 1 point. As a greater degree of accuracy could not, in all reason, be claimed for the computation, this comparison shows that for all practical purposes the weighting of the 30 articles of food was an unnecessary refinement, and a simple averaging of the 30 price items was fully as reliable.³

¹ Reprinted from the American Economic Review, Vol. IV, No. 4, December, 1914, published by the American Economic Association. Inquiries in regard to membership should be made to Prof. A. A. Young, Cornell University, Ithaca, N. Y.

² Compare J. Laurence Laughlin, Principles of Money, pp. 159, 166; A. L. Bowley, Elements of Statistics, pp. 113, 117.

³ Compare, for instance, W. C. Mitchell, who in most of his studies of index numbers has "dropped the decimal places. Decimals make comparisons between different figures somewhat less easy, and the appearance of greater accuracy which they give to index numbers is delusive. The margin of error in the original data makes vain the pretension to accuracy within one-tenth of 1 per cent." (Business Cycles, p. 94, note.)

This investigation furnished a basis for a study of the cost of living and its fluctuations during a period of great economic changes in the United States, embracing, as did the last decade of the nineteenth century, two economic crises and the Spanish-American War; but of itself it was not complete. In a study of budgets both expenditures and incomes are of equal importance. Simultaneously with the study of prices and cost of living, the bureau therefore conducted a study of wages, the results of which were published in the nineteenth annual report, *Wages and Hours of Labor*. It covered 67 industries, with data for 519 distinctive occupations and 3,475 establishments.

Here again the bureau made a praiseworthy effort to compute a general index, both for wages per hour and for hours per week, so as to construct the most important curve of changes in weekly earnings. Again the question of proper weights presented itself. The method finally selected was that of a simple average for all occupations in each industry and a weighting of the industries according to the aggregate wages paid in each industry, as reported by the census of 1900.

The accuracy of this method has been criticized,¹ but it is impossible to devise any method of weighting that might not be criticized by emphasizing qualifying conditions. As already indicated in connection with the retail prices, all reasonable methods of weighting, as, in fact, the method of simple averages, give substantially the same result. The bureau pointed this out in its report (p. 23) by comparing four methods of computing the index number.

(1) Weighting according to aggregate wages paid in each industry, as reported by the census of 1900.

(2) Simple averages of all occupations.

(3) Simple averages of all industries.

(4) Weighting according to the number of employees in each industry as reported by the census of 1900.

The results of this comparison are shown in the following table:

TABLE 2.—Comparison of the index numbers of wages per hour in the United States, as averaged by four methods.

Year.		2	3	4	Greatest variation.	Year.	1	2	3	4	Greatest variation.
1890.....	100.3	100.3	100.5	100.4	0.2	1897.....	99.6	99.5	99.3	99.6	0.3
1891.....	100.	100.3	100.5	100.2	.3	1898.....	100.2	100.1	100.2	100.1	.1
1892.....	100.	100.6	100.7	100.7	.2	1899.....	102.0	101.9	102.1	101.8	.3
1893.....	100.9	100.5	100.4	100.9	.5	1900.....	105.5	104.8	105.0	105.4	.7
1894.....	97.9	98.0	98.0	98.0	.1	1901.....	108.0	107.2	107.8	107.9	.8
1895.....	98.3	98.7	98.7	98.4	.4	1902.....	112.2	111.2	111.5	111.9	.7
1896.....	99.7	99.6	99.6	99.9	.3	1903.....	116.3	114.8	114.6	116.0	1.7

Only in one year, then, was the difference between any two of the four methods as much as 1.7 points; but with the exception of that one year it never exceeded 0.8 point; and in 10 out of 14 years it was between 0.1 and 0.5 point. The comparison seems to indicate that for the purpose of giving a general picture of the trend of wages, any differences in the method of weighting are of little importance, and that therefore any criticism of the method of weighting leaves the usefulness of the index unimpaired. Of course, this still leaves open the question as to the representative character of the material itself, upon which some cloud of doubt was thrown by the different results obtained by Prof. Davis R. Dewey in his census report on employees and wages, and by Prof. H. L. Moore's conclusions as to changes in wages between 1890-1900 as deducted from the census material. But it has been shown recently by Prof. Mitchell that the "apparent discrepancy" between Prof. Moore's and the bureau's tables "is due almost wholly to differences in scope and method of construction,"² and that the trustworthiness of the bureau's figures is confirmed, not discredited by proper comparison with the data gathered by Prof. Dewey for the Census Office.

The results of the study of hourly wages seemed to indicate a rise of 16 points in the period of 13 years covered, 1890-1903. But within the same period a slight reduction in the average hours of labor had taken place (about 4 per

¹ See W. C. Mitchell, *Business Cycles*, p. 131.

² *Business Cycles*, p. 131; *Quarterly Journal of Economics*, May, 1911, p. 615.

cent), which affected to the same extent the weekly earnings. A correction was made for this influence, and the final index of weekly earnings appeared as follows:

TABLE 3.—*Index of weekly earnings in the United States, 1890-1903 (1890-1899=100).*

Year.	Index.	Year.	Index.
1890.....	101.0	1897.....	99.2
1891.....	100.8	1898.....	99.9
1892.....	101.3	1899.....	101.2
1893.....	101.2	1900.....	104.1
1894.....	97.7	1901.....	105.9
1895.....	98.4	1902.....	109.2
1896.....	99.5	1903.....	112.3

The two large volumes of official statistics referred to stood isolated, pregnant of rich results for the study of true wages, but barren until brought together. With the two indexes before him, anyone was at liberty to draw his own conclusions, but these would lack official sanction, and therefore would fail to be thoroughly convincing.

In the special report of the Bureau of Labor prepared for the Louisiana Exposition, and known as Bulletin 54, the three curves were brought together: (1) The relative hours of labor, (2) the relative wages per hour, and (3) the relative retail prices of food (p. 1128); but the next logical step was not taken, and the bearing of the indexes upon each other was not discussed. And yet, even a superficial glance at the diagram disclosed the significant fact that while the green line (hours of labor) showed a gradual feeble slope downward, the black and red lines (indicating relative wages per hour and relative retail prices of food, respectively) ran a remarkably parallel and close course.

The final synthesis was ventured for the first time in 1905 in Bulletin 51, soon after the two reports were published. It was done without much ostentation—one might even say, without sufficient emphasis. In a small table the index numbers for 1890-1904 for all the economic categories (hours per week, wages per hour, and retail prices of food, etc.) were placed in juxtaposition; and, in the official language of the report, "in addition two columns computed therefrom showing the relative purchasing power of wages * * * as measured by retail prices of food," the two columns showing this relation for (1) hourly wages and (2) weekly earnings per employee. The process of computation was simple and consisted in dividing the index of retail prices of food into the index of weekly earnings per employee.

After 1905, similar annual investigations and computations were made and published for several years. The index of the purchasing power of wages was brought forward for a year at a time, including 1907, in Bulletins 59, 65, 71, and 77, so that for a series of 18 years a convenient measurement of the economic condition of the American wageworker is available. The series of index numbers is quoted here:

TABLE 4.—*Index number of the purchasing power of wages as measured by retail prices of food, 1890-1907.*

Year.	Index.	Year.	Index.	Year.	Index.
1890.....	98.6	1896.....	104.2	1902.....	98.5
1891.....	97.1	1897.....	103.0	1903.....	101.8
1892.....	99.4	1898.....	101.2	1904.....	100.4
1893.....	96.8	1899.....	101.7	1905.....	101.4
1894.....	98.0	1900.....	103.0	1906.....	102.4
1895.....	100.6	1901.....	100.7	1907.....	101.5

This series has attained great popularity in American economic literature. Curiously enough, it owes a large part of its popularity to a peculiar opinion that it produces evidence of a growing prosperity of the American wage earner. The period covered is largely one of recovery from a distressing financial crisis

and of subsequent triumph of the "stand-pat" attitude in politics as well as in economic policy. It was assumed that the series quoted furnished corroboration for the justice of this attitude. Scarcely any American elementary or popular book on economics published during this period failed to quote these figures as evidence of the continued progress of the wageworker. Even the official Bulletin of Labor (No. 71, July, 1907) fails to escape this attitude, and triumphantly states that "in 1906 the purchasing power of an hour's wages as expended for food was 1.4 per cent greater than in 1905" and "a full week's wages in 1906 would purchase 1 per cent more food than a full week's wages in 1905" (p. 2). The use repeatedly made of this index for purposes of political argument can readily be imagined. Says the Republican campaign textbook for 1904: "Considering both wages and cost of living, the workman has benefited to a measurable degree from the increase in wages despite the increase in cost of living and shortening of working hours" (p. 216). Similar quotations may be found in any of the subsequent "textbooks." In fact, it is this use of the index that has, perhaps, tended to throw some discredit upon the very figures. It was even charged in the heat of political controversy that the figures were not trustworthy, because they were compiled by a Republican Bureau of Labor for the use of a Republican administration.

How utterly unjust any such charge must be, the figures themselves amply demonstrate. A continuous increase in the purchasing power of wages from year to year, be it ever so slight, would not fail to show a cumulative effect of some importance. But the figures quite plainly fail to show any such regularity. On the contrary, they indicate a tendency to fluctuate, evidently through faulty adjustment of wages to cost of living, but, on the whole, the fluctuations from year to year do not obscure the tendency of the line to remain on the same level.¹

This can easily be shown by the method of smoothing the curve through the use of five-year averages. (See Table 5.)

If anything, real wages during the latter part of the period show a tendency downward. Purchasing power seems to have been highest just toward the close of the nineteenth century, when the level of wages ran a little ahead of the price level.

TABLE 5.—*Index numbers of purchasing power of wages by five-year periods, 1890-1907.*

Five-year period.	Index.	Five-year period.	Index.
1890-1894.....	98.0	1897-1901.....	101.9
1891-1895.....	98.4	1898-1902.....	101.0
1892-1896.....	99.8	1899-1903.....	101.1
1893-1897.....	100.5	1900-1904.....	100.8
1894-1898.....	101.4	1901-1905.....	100.8
1895-1899.....	102.1	1902-1906.....	100.7
1896-1900.....	102.6	1903-1907.....	100.8

Of course, the price level of foodstuffs alone may not furnish a sound basis of judgment as to real wages, i. e., the purchasing value of money wages; and, unfortunately, there are not sufficient data as to the fluctuations in the retail price level of other items of the wageworker's consumption, such as clothing, rent, etc. The bureau has always been careful to specify that its index represents only "purchasing power measured by retail prices of food." Nevertheless, since food represented according to the investigation of the bureau (covering 11,156 families) over 43 per cent of the total expenditures, it may serve as a useful basis, for lack of a more complete one. Moreover, since Chapin's study of The Standard of Living in New York City, referring to a period of five years later than that of the Bureau of Labor, shows exactly the same percentage of income (43.5 per cent) expended for food, though the price level of food has materially increased during the intervening five years, it may be assumed that there must have been approximately the same rise in all other prices.

As a matter of fact, the general agitation for tariff revision was called forth largely by prices other than of food materials. Schedule K may have been the true cause of the Republican downfall—it did not refer to food. And while opinions may differ as to the final effect of the Democratic tariff upon the

¹ This argument has been stated briefly by the author in his Social Insurance, p. 38.

general price level, it is quite certain that until it was enacted the trend of prices of textiles, leather, fuel, and paper had been upward, as a study of whole-sale prices will readily demonstrate.

Bulletin 77, dated July, 1908, and containing data for 1907, was the last in which the index of real wages was given. For a time the studies of both retail prices and wages were suspended by the bureau. As far as the writer is aware, no official explanation of the discontinuance of these two investigations was ever made. Statements were current in Washington that the decision to discontinue these studies was due to severe criticisms by noted economists of the statistical methods used by the bureau in its computation. But a more plausible explanation was the extreme overcrowding of the bureau with work upon the voluminous Report on Condition of Women and Child Wage Earners, which was ordered by Congress in January, 1907, and was not completed until late in 1911. For a while it was feared that both lines of periodical inquiry were to be discarded altogether. Evidently, however, the demand for more recent data showed itself as soon as those of 1907 became obsolete. The unusual rise in the cost of living, which began to be felt at that time, underscored the importance of more recent data; and as soon as the pressure of the woman and child labor investigation abated, the work was resumed, and the first results of the new series appeared toward the close of 1912 as Bulletin 105.

To the disappointment of many students, this bulletin contains only one-half of the complete story, namely, the study of retail prices. It contains the data for the entire four-year period, 1907-1911, thus completing the series from 1890 to 1907. The importance of a continuous series was thus recognized. Furthermore, a special effort has been made since then, not only to publish the figures regularly, but expeditiously, and bimonthly reports have appeared on retail prices.¹

The five-year interruption in the preparation of this series did not fail to cause certain difficulties. It was not always easy to obtain price quotations for the entire period. Besides, considerations of speed and cost may have had some weight. But the new series is very much more restricted than the older one. Instead of 30 articles of food only 15 are now quoted; instead of 68 localities, only 39 of the most important industrial cities; instead of over 1,000 dealers, as in 1907, only about 675 are now furnishing quotations. Of these changes, that reducing the number of articles quoted is perhaps the most important one.

(a) Articles quoted up to 1907, and also for 1907-1913:

- | | | |
|-----------------------|--------------------------|----------------------|
| 1. Sugar, granulated. | 6. Lard, pure. | 11. Sirloin steak. |
| 2. Wheat flour. | 7. Corn meal. | 12. Ham, smoked. |
| 3. Butter, creamery. | 8. Eggs, strictly fresh. | 13. Pork chops. |
| 4. Milk, fresh. | 9. Hens. | 14. Bacon, smoked. |
| 5. Rib roast. | 10. Round steak. | 15. Potatoes, Irish. |

(b) Articles quoted up to 1907, but omitted for 1907-1913:

- | | | |
|------------------|------------------|-------------------------|
| 1. Coffee. | 6. Molasses. | 11. Prunes. |
| 2. Tea. | 7. Beef, salt. | 12. Fish, salt. |
| 3. Veal. | 8. Beans, dry. | 13. Mutton. |
| 4. Vinegar. | 9. Pork, salt. | 14. Apples, evaporated. |
| 5. Bread, wheat. | 10. Fish, fresh. | 15. Rice. |

It is possible that the omitted articles are those which have not risen in price quite as violently as some of those retained. The prices of coffee, tea, molasses, rice, prunes, salt beef or pork, etc., have surely not been so sensitive to price increase as were sirloin steak, pork chops, or strictly fresh eggs. It may be questioned how far any changes in the price of such luxuries as sirloin steak, pork chops, and eggs "strictly fresh," would affect the status of the wage-worker's family. From this point of view the earlier figures would appear to be somewhat more reliable, yet we have the official statement of the bureau (Bulletin 105, p. 6) that "these 15 articles represent approximately two-thirds of the expenditures for food by the average workingman's family." One can only assume that some of the terms may have a trade meaning of a somewhat restricted character.²

Because of the many changes, the bureau found it necessary to recompute the earlier index number for the entire series 1890-1907 on the basis of the smaller number of articles. (See Table 6.)

¹ Bulletins 105, 106, 108, 110, 113, 115, 121, 125, 130, 132, 136, 138, 140.

² See Mitchell's criticisms on the same point, *Business Cycles*, p. 95.

TABLE 6.—*Comparison of the old and new index numbers of retail prices of food in the United States.*

Year.	Weighted averages.		Simple averages.		Year.	Weighted averages.		Simple averages.	
	Old index, 30 articles.	New index, 15 articles.	Old series, 30 articles.	New series, 15 articles.		Old index, 30 articles.	New index, 15 articles.	Old series, 30 articles.	New series, 15 articles.
1890.....	102.4	101.9	102.1	102.0	1902.....	110.9	114.6	110.9	116.8
1891.....	103.3	103.4	103.4	103.6	1903.....	110.3	114.7	110.9	116.9
1892.....	101.9	101.6	101.8	101.7	1904.....	111.7	116.2	111.6	118.3
1893.....	104.4	104.1	104.1	104.6	1905.....	112.4	116.4	112.5	118.3
1894.....	99.7	99.2	100.3	99.5	1906.....	115.7	120.3	114.2	122.4
1895.....	97.8	97.1	98.2	97.2	1907.....	120.6	125.9	120.6	128.0
1896.....	95.5	95.2	95.8	94.9	1908.....	.....	130.1	.....	132.5
1897.....	96.3	96.7	96.3	96.4	1909.....	.....	137.2	.....	140.3
1898.....	98.7	99.7	98.5	99.4	1910.....	.....	144.1	.....	148.5
1899.....	99.5	100.4	99.6	100.6	1911.....	.....	143.0	.....	146.9
1900.....	101.1	101.0	101.5	102.9	1912.....	.....	154.2	.....	157.9
1901.....	105.2	108.5	103.5	103.5	1913.....	.....	163.4	.....	167.0

A comparison of the old and new weighted index numbers for the period 1890-1907, indicates that for the last decade the divergence has become quite important, and that the new index, based upon a smaller number of articles, shows a greater rise than the old index. This comparison corroborates the suspicion, expressed above, that the new index number is somewhat less trustworthy, not only because it is based upon a smaller number of articles and quotations, but also because these happen to be articles especially sensitive to the upward movement of prices. For 1907, the last year for which a comparison is possible, the difference is 5.3 points.

Another evidence of the same tendency is obtained when the weighted average is compared with the simple average. It was shown above that the differences between the two averages for the old series never exceeded 0.6 points and that the average difference for 18 years was only 0.2 points. In the new series the differences between the two averages for the same years. For 1890-1900 the difference averages 9.25, for 1901-1907 nearly 2 points, and for 1908-1913 as much as 3.5 points, rising in 1911 to 3.9 and in 1910 to 4.4 points. To the second series of data the rule therefore does not apply that the weighted average and the simple average give about the same results. This alone throws some doubt upon the degree of accuracy of the revised index number, although even then the difference is not sufficiently great to make it altogether unreliable in gauging the tendency to higher prices.

While the change in the methods of the bureau has, unfortunately, somewhat reduced the accuracy of the results, nevertheless the resumption of the publication has been welcomed by American students. The evidence as to the increase in prices (even if possibly it be somewhat exaggerated) is conclusive. From 1907 to 1913 the prices of food rose from 125.9 to 163.4, or 37.5 points, equal to nearly 30 per cent of the prices of 1907. For a decade the increase was 48.7 points, or 42 per cent. For the period of 17 years the increase was 68.2 points, or 72 per cent.

Expressing it in a different way, on a 17-year basis the annual increase was 4.2 per cent; on a 10-year basis the increase was 4.8 per cent; on a 7-year basis, 5.3 per cent. Within the last two years (1911-1913) the increase was 20.4 points, or 14.3 per cent—over 7 per cent per annum. Not only have prices risen, but the speed of the upward movement has been increasing.

These figures as to the retail prices of food did not constitute a new discovery. The country, even without any exact measurement, was fully aware of the situation. Not only was there general complaint of the "high cost of living" (with its corresponding efforts to silence the inevitable, to obscure the self-evident, by noisy attacks upon the "cost of high living"), but strenuous efforts were made by millions of wageworkers to adjust their incomes to these now price conditions. How much of the strike movements of the last 5 or 10 years, of the "disorder and anarchy," of sabotage, and I. W. W.-ism may directly be traced to the stimulus of high prices is a problem for the future investigator, which need not be discussed here. As a result of all these efforts, peaceful and otherwise, there has undoubtedly been an increase in wages, whether

granted voluntarily, or by arbitration, or grudgingly under pressure of strikes or governmental investigations. Frequently this very increase of wages is being urged as an argument for further increase in prices.

For all these reasons the question as to how far the adjustment between prices and wages has been preserved is growing in importance. After the publication of the price index had been resumed, statisticians naturally looked forward to the completion of the picture by the publication of the wage index and the resultant index of real wages. Another year elapsed after the publication of Bulletin 105, containing prices for 1907-1912; and only in August, 1913, did the first bulletin containing new data in regard to wages appear. Up to the date of this writing (June, 1914), i. e., within seven or eight months, seven bulletins, dealing with wage data had appeared (Bulletins 128, 129, 131, 134, 135, 137, 143). No complaint can be made, therefore, as to the quantity of statistical material published.

Unfortunately, the method of study and preparation of this material has been greatly changed. As was shown above, this was true of price statistics as well. But while in the latter case the differences were such as not to interfere greatly with a comparison with earlier years, the changes in the study of wage statistics were very much greater and the comparisons made very much more difficult. In fact, at first glance such comparisons appear impossible. This seems to be the viewpoint of the present Bureau of Labor Statistics, inasmuch as the index number of real wages (in terms of the food-purchasing power of weekly earnings) has been discontinued, and, as it seems at present, permanently. It is proper, nevertheless, to inquire whether, notwithstanding the many changes in the presentation of the wage statistics, they may not be utilized, after all, for the reconstruction of the real wage index by private effort.

Of the seven bulletins referred to, five deal with statistics of wages and hours of labor in separate industries:

Bulletin 128. Cotton, Woolen, and Silk Industries.

Bulletin 129. Lumber, Millwork, and Furniture Industries.

Bulletin 134. Boots and Shoes, and Hosiery and Knit Goods Industries.

Bulletin 135. Cigar and Clothing Industries.

Bulletin 137. Building and Repairing of Steam Railroad Cars.

Altogether, 11 industries have thus been covered. With the exception of the cigar and clothing industries, all the studies fill in the gap left by the discontinuance of the old series in 1907.

These 11 special investigations are much more comprehensive and go into much greater detail than did the earlier reports. The presumption, therefore, is necessarily of greater accuracy in favor of the recent data, or just the opposite of what we found to be the case in regard to retail price statistics. Not only average hours and average wages are given, but also the distribution by a large number of hour and wage groups. A somewhat larger number of separate occupations in each industry is studied and a very much larger number of establishments is drawn upon. Thus, in the railroad-car industry, 70 establishments supplied data for 1911-12, as against 49 for 1890-1903; in the lumber industry, 301 against 56; in the furniture industry, 199 as against 58, etc. For each of the 9 large industries, therefore, a comparison for the entire period is possible, and, as a matter of fact, is contained in the bulletins enumerated.

How far are these 9 industries characteristic of the wage movement as a whole? A statistical test of this will be made presently. At this place it is necessary to point out the following:

The 9 industries in the series of 1890-1907 were represented by 93 occupations; in 1911-12, 151 occupations were studied. Of these, 68 were identical for the entire 23-year period. It is reasonable to assume that most of the 25 occupations for which wage quotations were discontinued are found under different technical designations among the 73 occupations added.

The original series in 1907 contained wage data concerning 41 industries, and, within those, concerning 333 occupations. Thus the 9 special industries covered by the reports issued since 1903 cover about 30 per cent of the occupations included in 1890-1907. This does not complete the sources available of material. Bulletin 131, also dated August 15, 1913, is entitled "Union Scale of Wages and Hours of Labor, 1907 to 1912." It contains the data for the entire 6-year period for over 40 trades (practically 50, counting in closely related trades), within 6 industries: (1) Baking; (2) building; (3) marble and stone; (4) metal trades; (5) printing, book and job; (6) printing, newspaper. For these trades, 39 cities in 32 States were studied.

The peculiarity of the method used in this bulletin is that in constructing an index number a new basis, namely, the year 1907, was taken. In all the index

numbers referred to, the base (100), as is well known, is the average for 1890-1899. It is possible to criticize this base and to question its advantage over the simpler method of taking the starting point (1890) as 100. But, as the results would not in the least be affected thereby, it is not worth while to argue the point. Any base for the index number is equally good provided it is adhered to. As a matter of fact, the same base was used not only for all investigations (wages, hours of labor, retail prices, wholesale prices, number of persons employed, and true wages) in 1890-1907, but in the later studies for 1907-1913 for prices as well.

The change is probably explained by the fact that the quotations for 1907-1912 are for union wages and hours, while those for 1890-1907 are not limited to union labor. No explanation of the change of method is made, but data of the earlier investigations are reproduced, and in microscopic type—a note to the heading of the table—it is stated that it was “computed from the pay rolls of employers of union labor and also of employers of nonunion labor.”

No apology for this lack of a basis for a comparison is made, but since the year 1907 is included in both series it would seem not altogether impossible to obtain such a basis. I have checked up half a dozen trades, comparing the actual wages for 1907 as given in the older report of 1908 for union and non-union labor together, and in the new report for union labor only, and found the results to be practically identical. In the case of bricklayers, the average wage per hour for union and nonunion labor together was \$0.6313 and for union labor only, \$0.6280 (sic!); for carpenters, \$0.4338 and \$0.4384; for stonecutters, \$0.547 and \$0.538; for blacksmiths, \$0.329 and \$0.343.¹

In other words, as far as the enumerated trades are concerned, either the union scale of wage is practically the scale of wages for the entire trade, or in the earlier investigations union shops largely predominated in the material gathered by the bureau. In any case, the practical conclusion is that it was quite safe to retain the old base for the index, and that a comparison for the entire period of 23 years is possible for the trades treated in Bulletin 131.²

To sum up the discussion of the last few pages, we have no figures giving the change of wages since 1907 to 1912 for all the 41 industries (and 333 occupations) upon which the old index number of wages in general was based. But we do have data for 16 industries, covering 241 occupations, of which 141 are identical with those of the early series.

The situation, therefore, is somewhat similar to that in the study of the retail prices, where instead of 30 articles only 15 are studied at present. This reduction in the number of articles studied did not prevent the bureau from continuing to build up its retail price index. It has been shown that while this change did somewhat interfere with the accuracy, it did not altogether destroy the usefulness of the final results. Why does not the same reasoning apply to the study of wages?

For certain purposes averages and indexes may be absolutely useless. An average or an index number can not be used when the exact wage conditions of an industry or a locality must be ascertained. But for the study of broad tendencies, an average still represents a very convenient method, and when the tendency studied applies to many industries and many localities, nothing can supplant an index number. In any case, it can not be held consistently that averages and index numbers are applicable to the study of prices and not applicable to the study of wages and hours of labor. It can not be held consistently that an average and index number is applicable to the study of wages in one industry and not for industry as a whole. For, truly, the fluctuations of wages in any of our large industries as between one occupation and the other, are nearly as great as they are for wages in the world of labor as a whole.

It seems, therefore, quite a justifiable statistical step to endeavor to obtain an index of wage fluctuations in general from the material available for 1907-1912.

¹ Even these slight differences are probably due to the different methods of computing the average. I have used the simple averages of all quotations given—the only course possible with the material at hand in Bulletin 131.

² As the purpose of wage statistics is primarily to permit comparison and to study fluctuations, the recent tendency of the bureau to change the base in the computation of wage indexes is to be regretted. A recent bulletin (No. 143) issued Mar. 4, 1914, intends to bring forward the date of Bulletin 131 for one year. It contains statistics regarding the union scale of wages and hours of labor for 1912 and 1913 for 63 trades. Of these, 50 are contained in Bulletin 131, where the figures are given for 1907-1912. A comparison for the seven years 1907-1913 is given on pp. 7-13. But the base for the indexes is again a new one—namely, the wages, respectively hours of labor, for 1913. Nothing is gained and a good deal is lost through such constant changes in the base of computation of relative figures.

The effort to do so creates certain difficulties. The private statistician has not at his disposal the facilities for making lengthy computations which the bureau has omitted in many cases. Thus the studies up to and including 1907 have always included not only the index of wages per hour and hours per week, but also that for earnings per week. This is a simple operation requiring a multiplication of one index by the other. It is the method used up to 1907 and there seems to be no good reason why these computations were discarded. The theoretical objection may be advanced that the hours given are "normal full time, hours per week," and not actual hours. But if the method is used in Bulletin 137 for wages in railroad car building, then why not in all other bulletins? In Bulletin 131, where the "union scale of wages and hours of labor 1907-1912" is studied, there are no such derivative columns for "earnings per week," while they may be found in Bulletin 143 for 1907-1913. But as the latter bulletin uses an entirely new base (wages of 1913 instead of wages 1890-1899) a recomputation of the index becomes necessary. All of this may succeed in preventing any large use of the various figures recently published.

In the following table all the material available at present has been brought together. For the nine industries enumerated the indexes were taken as published (weighted averages of the occupational indexes). These differ, for 1890-1907, from the indexes published in Bulletin 77 (pp. 126-132) because in the earlier bulletin the industry indexes were simple averages of occupational indexes, while in the recent investigation weighted averages were computed. In the car-building bulletin (No. 137) for some reason no industry index was published. Therefore, the simple average was taken for 1890-1907 from Bulletin 77 and for 1908-1912 similar simple averages were computed. The same process was used for the six trade groups, and the quotations for 1908-1912 obtained from Bulletin 131 reconverted to the older basis. For comparative purposes the old index was included, and, by simple averaging of the 15 columns, a new index was obtained for the entire period.

The material may be admitted to be fragmentary and incomplete, nor are all the averages uniformly computed. The nature of the material was such that two or three different methods had to be used in obtaining averages. The question may be raised as to whether the juxtaposition of the 15 indexes serves any purpose at all. An answer is found in a comparison between the last column, which is a simple average of the 15 industrial indexes and the old wage index as printed in the first column. Such a comparison is possible for 18 years (1890-1907). In only two years out of the 18 is the difference as great as one point; and the average difference is less than 0.5 point. Of course, no one would claim for any wage index a greater accuracy than that. We are justified, therefore, in drawing the conclusion that the fluctuations of wages in 1907-1912 in the 15 industries and trade groups for which material is available, are a proper measure of the fluctuations of wages in American manufacturing industry in general.

On this assumption the wages per hour index during these six years has fluctuated as follows:

1907	129.3	1910	134.0
1908	123.5	1911	136.3
1909	129.9	1912	141.5

showing an increase of 12.2 points, or 9.4 per cent in five years.

A correction, however, is necessary for the changes in the average hours of labor. The general index of hours of labor was also discontinued in 1907. This index is brought up to 1912 in Table 8 from the same material and by the same methods as used in the study of wages.

TABLE 7.—Index of wages per hour.

Year.	Old index number.	Cotton goods.	Woolen goods.	Flk goods.	Boots and shoes.	Knit goods.	Um- ber.	Mil- wcrk.	Fur- niture.
1890.....	100.3	101.6	99.6	98.6	98.5	105.6	101.9	99.2	100.5
1891.....	100.3	99.4	99.3	93.2	97.5	106.9	101.4	100.4	101.5
1892.....	100.8	99.2	100.7	98.6	99.3	100.3	101.5	100.1	102.5
1893.....	100.9	105.0	105.7	102.0	100.6	100.1	99.9	100.0	101.1
1894.....	97.9	98.9	94.9	102.9	99.8	96.7	96.7	97.0	99.4
1895.....	98.3	98.2	95.3	101.5	101.4	102.8	97.9	98.1	97.9
1896.....	99.7	104.1	98.1	106.5	100.5	99.3	97.4	99.3	97.9
1897.....	99.6	100.4	100.4	99.1	100.7	96.1	97.7	100.0	100.2
1898.....	100.2	96.7	103.3	98.4	100.5	96.4	101.5	101.7	98.0
1899.....	102.0	95.8	102.3	97.4	101.8	93.2	104.5	104.1	102.0
1900.....	105.5	108.4	111.3	98.4	104.1	95.4	105.4	105.9	102.4
1901.....	108.0	108.8	111.9	98.1	104.1	102.0	108.6	108.6	107.3
1902.....	112.2	113.3	114.9	101.4	108.0	111.0	112.1	112.5	114.1
1903.....	116.3	117.5	118.7	102.6	113.2	117.6	114.2	116.5	115.2
1904.....	117.0	117.1	115.4	101.8	116.9	114.8	112.3	115.7	117.5
1905.....	118.9	118.7	119.3	102.5	119.9	119.9	116.3	114.7	121.0
1906.....	124.2	131.3	127.1	106.1	121.8	126.9	124.4	120.6	125.7
1907.....	128.8	149.8	135.3	112.1	128.0	133.4	129.6	124.5	127.3
1908.....	.....	148.4	128.1	109.2	125.5	133.7	118.7	123.4	127.5
1909.....	.....	143.0	129.0	110.5	130.4	134.1	121.6	124.9	126.7
1910.....	.....	147.7	132.5	112.5	129.6	135.5	130.0	127.8	130.5
1911.....	.....	149.1	133.3	113.3	131.7	135.8	129.9	129.0	132.1
1912.....	.....	164.1	149.1	117.1	132.8	143.7	131.5	132.3	135.1

Year.	Car build- ing.	Buil- ding trades.	Bakers.	Marb'e and st. ne cutters.	Fron- dry and ma- chine shcps.	Print- ing, b. k and j. b.	Print- ing, re. s- papers.	Aver- age new index.	Differ- ence between old and new index.
1890.....	102.9	97.0	99.3	98.5	99.2	97.8	103.0	100.2	0.1
1891.....	102.4	97.9	99.9	99.5	100.3	99.6	99.6	99.9	.4
1892.....	101.5	99.9	100.3	100.3	102.7	99.2	98.8	100.3	.5
1893.....	104.0	100.0	100.2	99.7	101.6	100.2	98.0	101.2	.3
1894.....	97.8	97.6	98.4	98.0	98.7	99.6	97.4	98.9	1.0
1895.....	97.8	98.4	98.7	97.0	99.1	99.5	96.3	98.6	.3
1896.....	97.6	99.9	99.6	101.0	100.5	100.3	98.6	100.0	.3
1897.....	98.2	101.3	99.8	101.6	99.7	99.2	99.2	99.6	.....
1898.....	98.0	102.8	100.6	101.2	99.0	101.2	102.8	100.2	.....
1899.....	99.8	105.3	103.1	103.2	99.1	103.6	106.1	101.4	.6
1900.....	100.7	109.9	106.6	104.9	101.5	109.3	106.3	104.7	.8
1901.....	101.7	114.5	108.8	109.0	104.7	110.7	106.3	107.0	1.0
1902.....	105.7	121.1	113.9	113.5	108.2	114.3	109.3	112.0	.2
1903.....	111.5	126.8	119.9	118.6	112.2	116.1	113.4	115.5	.8
1904.....	116.2	129.7	121.1	118.9	113.9	118.9	114.1	116.3	.7
1905.....	114.9	132.2	123.5	119.3	114.0	120.6	116.1	119.6	.7
1906.....	118.5	140.2	127.4	121.3	117.9	125.9	118.4	123.6	.6
1907.....	124.4	144.6	128.9	125.7	121.4	131.0	122.6	129.3	.5
1908.....	122.8	146.9	133.9	126.1	122.9	136.0	124.7	128.5	.....
1909.....	120.5	150.2	140.0	127.1	124.4	139.3	126.0	129.9	.....
1910.....	132.3	153.1	147.6	128.1	130.0	143.4	129.2	131.0	.....
1911.....	135.2	157.6	155.6	129.0	133.8	148.2	130.9	136.3	.....
1912.....	135.9	159.4	167.3	133.9	136.3	160.6	133.4	141.5	.....

TABLE 8.—Index of hours per week.

Year.	Old index.	Cotton goods.	Woolen goods.	Silk.	Boots and shoes.	Knit goods.	Lumber.	Mill-work.	Furniture.
1830.....	100.7	100.5	101.0	102.6	100.3	101.1	100.4	101.8	101.3
1831.....	100.5	101.2	101.0	102.9	100.6	101.1	100.2	100.6	100.7
1832.....	100.5	101.6	101.0	101.9	100.2	101.2	100.2	100.7	99.8
1833.....	100.3	100.0	99.5	98.8	100.0	100.5	100.0	100.1	99.9
1834.....	99.8	97.5	99.0	98.6	100.0	94.8	100.0	100.3	98.2
1835.....	100.1	99.8	100.1	98.5	100.0	100.4	99.9	99.7	99.8
1836.....	99.8	99.5	100.1	99.0	100.0	100.3	100.1	99.0	100.0
1837.....	99.6	99.1	98.4	99.1	99.8	100.3	99.9	99.6	99.6
1838.....	99.7	100.3	98.9	99.3	99.7	100.3	99.6	99.4	100.4
1839.....	99.2	100.3	100.0	99.5	99.6	100.2	99.8	99.2	100.3
1900.....	98.7	100.1	99.8	99.6	99.3	98.9	99.5	98.9	100.2
1901.....	98.1	99.9	99.9	99.2	99.6	98.8	99.3	98.7	99.3
1902.....	97.3	99.5	99.8	98.7	98.4	98.9	98.7	97.7	98.3
1903.....	96.6	99.3	98.7	98.8	97.0	97.9	98.3	97.2	98.1
1904.....	95.9	99.2	97.9	97.2	97.1	97.8	97.8	97.9	97.3
1905.....	95.9	99.2	98.5	98.5	96.8	97.7	97.6	98.1	96.6
1906.....	95.4	98.7	98.4	98.4	96.3	97.2	97.6	96.9	95.8
1907.....	95.0	97.5	97.9	98.0	96.0	96.8	96.4	96.7	95.7
1908.....		96.3	97.7	97.6	95.9	96.5	96.6	96.7	95.9
1909.....		96.4	97.6	97.5	95.7	96.6	96.5	96.7	95.5
1910.....		94.1	96.1	97.4	95.1	94.8	96.5	96.9	95.1
1911.....		94.1	96.2	97.4	95.3	94.7	96.5	96.8	94.5
1912.....		92.4	94.6	96.6	93.9	93.1	96.6	96.2	93.9

Year.	Car building.	Building trades.	Bakery.	Marble and stone cutters.	Foundry and machine shops.	Printing, book and job.	Printing, newspapers.	Average of preceding indexes.	Difference between old and new index.
1890.....	101.6	102.5	100.8	101.5	100.5	101.0	100.2	101.1	0.6
1891.....	101.1	101.8	100.8	100.1	100.4	101.0	100.1	100.9	.4
1892.....	101.6	100.7	100.9	100.2	100.2	100.5	100.6	100.7	.2
1893.....	101.2	100.5	100.5	101.0	100.0	100.4	101.3	100.4	.1
1894.....	97.1	100.7	100.4	100.5	99.9	100.1	100.5	99.2	.6
1895.....	98.9	100.3	99.9	100.1	100.1	100.2	100.4	99.8	.3
1896.....	98.8	99.2	99.6	99.9	99.8	100.1	100.2	99.7	.1
1897.....	98.0	98.6	100.2	99.4	99.7	100.2	100.0	99.5	.1
1898.....	100.8	98.1	99.1	99.2	99.9	99.4	99.1	99.6	.1
1899.....	101.1	97.5	97.8	98.1	99.4	97.2	97.9	99.2	
1900.....	101.4	95.5	96.9	97.2	99.2	95.1	97.6	98.6	.1
1901.....	100.6	94.4	96.3	96.0	98.1	94.4	97.4	98.1	
1902.....	100.6	92.6	95.8	95.5	96.6	93.2	97.1	97.4	.1
1903.....	98.1	91.8	93.9	94.0	95.4	93.1	96.2	96.7	.1
1904.....	96.8	91.3	93.6	94.0	94.6	92.4	95.7	96.0	.1
1905.....	96.2	91.2	92.5	94.2	94.8	92.0	96.2	96.0	.1
1906.....	95.9	90.9	91.8	93.6	94.8	90.7	95.4	95.4	
1907.....	95.9	90.6	91.6	93.4	94.6	90.1	94.8	95.1	.1
1908.....	94.9	90.4	89.7	93.3	94.5	87.4	94.5	94.5	
1909.....	95.4	90.2	88.6	93.2	93.8	86.8	94.4	94.4	
1910.....	95.0	89.7	88.8	93.0	93.4	86.0	94.0	93.8	
1911.....	94.6	89.4	85.1	92.9	92.8	85.5	93.9	93.3	
1912.....	94.4	89.2	81.2	91.8	92.8	85.5	93.8	93.0	

The correspondence between the two indexes here is still greater. The changes in hours of labor may therefore be characterized during the last six years as follows (a decrease of 2.2 per cent in five years):

1907.....	95.1	1910.....	93.8
1908.....	94.5	1911.....	93.3
1909.....	94.4	1912.....	93.0

With the aid of these important facts, the important index of the movement of real wages may be reconstructed and brought down to 1912, which is done in Table 9.

TABLE 9.—*Computation of index of real wages, 1890-1912.*

Year.	Hours per week.	Wages per hour.	Full time week by earnings per employees.	Retail prices of food.	Purchasing power measured by retail prices of food.	
					Hourly wages.	Weekly earnings.
1890.....	101.1	100.2	101.8	101.9	98.3	99.4
1891.....	100.9	99.9	100.8	103.4	96.6	97.5
1892.....	100.7	100.3	101.0	101.6	98.7	99.4
1893.....	100.4	101.2	101.6	104.1	97.2	97.6
1894.....	99.2	98.9	98.1	99.2	99.7	98.9
1895.....	99.8	98.6	99.2	97.1	101.5	102.2
1896.....	99.7	100.0	99.7	95.2	105.0	104.7
1897.....	99.5	99.6	99.1	96.7	103.0	102.5
1898.....	99.6	100.2	99.8	99.7	100.5	100.1
1899.....	99.2	101.4	100.6	100.8	100.6	99.8
1900.....	98.6	104.7	103.2	103.0	101.6	100.2
1901.....	96.1	107.0	105.0	108.5	98.6	96.8
1902.....	97.4	112.0	109.1	114.6	97.7	94.3
1903.....	96.7	115.5	111.7	114.7	100.7	97.3
1904.....	96.0	116.3	111.6	116.2	100.0	96.0
1905.....	96.0	119.6	114.8	116.4	102.8	98.6
1906.....	95.4	123.6	117.9	120.3	102.7	98.0
1907.....	95.1	129.3	123.0	125.9	102.7	97.7
1908.....	94.5	128.5	121.4	130.1	98.8	93.0
1909.....	94.4	129.9	122.6	137.2	94.7	89.4
1910.....	93.8	134.0	125.7	144.1	93.0	87.2
1911.....	93.3	136.3	127.2	143.0	95.3	88.9
1912.....	96.0	141.5	131.6	154.2	91.8	85.3

In brief, the salient features of the results of the economic development during the last five years, as they appear in the preceding table, may be summarized thus, as far as the figures combined and computed here may be relied upon:

(1) From 1907 to 1912, the wages per hour rose from 129.3 to 141.5, 12.2 points on the recognized scale or 9.4 per cent.

(2) During the same time the hours of labor declined from 95.1 to 93, 2.1 points or 2.2 per cent.

(3) The weekly earnings increased from 123 to 131.6, only 8.6 points or 7 per cent.

(4) The retail prices of food increased from 125.9 to 154.2, 28.3 points or 22.5 per cent.

(5) The purchasing power of an hour's wages (as expressed in cost of food) decreased from 102.7 to 91.8, 10.9 points or 10.6 per cent.

(6) The purchasing power of weekly wages, or the true weekly wages, have decreased still faster, from 97.7 to 85.3, 12.4 points or 12.7 per cent.

Before these sweeping conclusions may be accepted, their general trustworthiness should be carefully scrutinized. It will be argued with justice that they are based upon an indifferent assortment of statistical data. Even up to 1907 the "index of real wages" derived from the above table is much more gloomy than the official index published in Bulletin 77 for the last time. The official index showed the real wages holding their own up to 1907, with even a slight increase over the standard 1890-1899, while the index here computed shows a loss of 2 per cent by 1907. With such fluctuations due to different methods of computation, what may the whole statistical fabric, here so carefully woven, be worth?

It is necessary, therefore, to examine the table critically, comparing it column by column with the similar table published in Bulletin 77 (p. 7). Such an examination will show that the index of "hours of labor," although independently computed here, is practically identical with the official index (in 1907, 95.1 against 95). The same is true of the index of wages per hour (129.3 as against 128.8 in 1907); and as a result the derivative indexes of "full time weekly wages" are not very far apart (in 1907, 123 against 122.4).

The real difference is found in the "retail prices of food" (in 1907, 125.9 against 120.6 in the old index). This difference, however, it will be remembered, has not been introduced by the writer. It is the new "official" index of Bulletin 105, as compared with the old "official" index of Bulletin 77. The reason for the difference has already been indicated here (see p. 801), and the sug-

gestion was made that because of a limited, and perhaps one-sided, selection of the list of foodstuffs, the new index may somewhat exaggerate the upward trend of prices.

But, even allowing some 5 or 6 per cent for this possible exaggeration, it still remains true that the loss of real wages within the last five years was about 7 or 8 per cent, and within the last 12 years some 10 per cent. This is surely a grave statistical conclusion. It makes the continuing of annual study of both wages and prices still more necessary, the discontinuance of the annual reports still more regrettable. Particularly unfortunate is the discontinuance of these reports just at the time the tide is turned.

Over and above the cold statistical results, is the light which these figures throw upon economic problems of great magnitude. Many professional economists have complacently assumed that the charges of radical critics of modern industrial organization have been greatly exaggerated. Hundreds of writers have stoutly maintained that while the rich may be getting richer, the "poor" are also getting a constantly growing return for their labor. And yet, the analysis of a large volume of statistical observations carried on for over 10 years leads to the following inevitable conclusion.

In years of falling or even slowly rising prices, the American wageworker was able to hold his own or to improve his condition to a slight extent. But when confronted with a rapidly rising price movement (accompanied as it was by a violent growth of profits), the American wageworker, notwithstanding his strenuous efforts to adjust wages to these new price conditions, notwithstanding all his strikes, boycotts, and riots, notwithstanding all the picturesque I. W. W.-ism, new unionism, and the modish sabotage, has been losing surely and not even slowly, so that the sum total of economic progress of this country for the last quarter of a century appears to be a loss of from 10 to 15 per cent in his earning power.¹

It may be argued that this result is due to the abnormal conditions of the price level. But after all, the changes in prices are as characteristic of the general economic conditions as are changes in wages. Insofar as the quarter of a century intervening between the end of the Civil War and the period covered in this study witnessed a substantial increase in the real wages of the American wageworker,² it was also largely due to the changes (downward) of the price level. The last half century seems therefore to divide itself into two well-defined periods, as far as the changes in real wages are concerned.

They increased in the seventies and eighties, largely because of a falling price level. But as this increase occurred during a period of almost continuous business depression, it could scarcely result in a material improvement of the condition of the working class. The crisis of 1873 was followed by business depression which lasted in the United States until 1879: A very brief period of prosperity due to harvest failures in Europe quickly culminated in 1882, and by 1884 another crisis arrived.

During the period of increasing prosperity after the Spanish War, wages rose, but retail prices rose so much faster that the real wage level has materially suffered. The wage tendencies, therefore, seem to follow the price levels, though not perfectly. Instead of a continuous increase in the purchasing power of wages, so loudly proclaimed, we find falling prices increasing their purchasing power theoretically, but falling prices usually go hand in hand with business depression and unemployment. "Prosperity" brings higher wages, but still higher prices, so that the purchasing power of wages frequently falls in periods of prosperity.

There is a compensating factor in the better conditions of employment in "prosperous" times, just as increased unemployment largely nullifies the effect of increased purchasing power of wages in years of industrial depression. Very little American statistical material is available for an accurate measurement of the increase of annual earnings due to better conditions of the labor market. But it seems proper to point out that this factor must not be overestimated. The conditions of the American labor market find a natural corrective in years of prosperity in a rapid use of immigration. In so far as the data of the twelfth census concerning unemployment are at all reliable, they

¹ The above analysis was carried only to the end of 1912. But it is equally significant that the food-price level has increased from 154.2 in 1912 to 163.4, 9.2 points or 6 per cent, while, from Bulletin 143 it may be gathered that the average increase of wages in 63 trade-union occupations equalled only 2.5 per cent.

² This increase was, by far, not so large as is generally assumed—which the writer expects to demonstrate in another article, now in preparation.

show a larger volume of it for 1899, when the wave of prosperity had begun, than in 1889.

The deductions made above may be branded as extreme. It will be pointed out that common observation does not fail to furnish evidence of an increased standard of living among the wageworkers. A hundred articles and services may be mentioned which were luxuries altogether unknown 50 years ago, and are now in everyday use by the wageworkers. It is enough to refer to bathtubs, gas, and electricity, phonographs, pianolas, movies, etc. The modern American wageworker is better dressed and better housed than 50 years ago. The statement is often made that he is better fed, but that does not seem to be quite as certain. Does not all that of itself argue that earnings at present must be higher than they were 30 to 40 years ago?

Most emphatically it does not. Many factors have served to increase the income or decrease the expenditure of the wageworker's family without increasing the return for the labor of the individual wageworker.

(1) Smaller families: For each 1,000 population, there were, in 1880, 381 children under 15; in 1890, 355; in 1900, 345; and in 1910, 321. Thus in 30 years only the proportionate number of children requiring support has decreased from 381 to 321, a decline of nearly 16 per cent. Taking children under 5 years only, the decrease was from 138 to 116; of children under 1 year only, there were, in 1880, 33 per 1,000, and in 1910, 24 only, a decrease of 30 per cent. A further analysis of these figures would show that the decrease took place largely among native-born white families, and it is among just these families that an increased standard of living is to be found.

(2) Rapid development of woman labor: The percentage of women "gainfully employed" to the total number of persons gainfully employed, in 1870, was 13; in 1880, 16.6; in 1890, 18.1; in 1900, 18.5; and in 1910, according to the latest statistics of occupations, 21.2. While the latest figure seems somewhat exaggerated by an evident change of the method of enumerating woman agricultural laborers,¹ nevertheless, even if the entire increase in this class be discounted from the total number of "women gainfully employed," the proportion of women gainfully employed still shows a substantial increase to 19.3 per cent.²

This increase is especially strong in the industrial population. The tendency to utilize cheap female labor in mercantile establishments and large offices has grown by leaps and bounds, and the rate of increase is also growing, as the following figures will demonstrate:

TABLE 10.—*Number of women employed in certain clerical and commercial occupations (000 omitted).*

Occupation.	1870	1880	1890	1900	1910
Bookkeepers and accountants.....	8	30	28	74	185
Clerks and copyists.....			64	85	232
Stenographers.....			21	86	263
Saleswomen.....	3	8	58	149	250
Telegraph and telephone operators.....		1	8	23	96
Five occupations.....	11	39	179	417	1,026

(3) Increase in employment of married women. In 1890 they numbered 515,260, or 4.6 per cent of all married women, and in 1900, 769,471, or 5.6 per cent. Similar data as to the distribution of employed persons by marital conditions were omitted from the Thirteenth Census, so that it is impossible to ascertain accurately the increase in the number of employed married women during the last decade. But that such an increase has taken place is strongly indicated by the data in regard to occupations in which married women of the working class are to be found earning a subsidiary income.

¹ The number of female agricultural laborers enumerated for the last four censuses was as follows: 1880, 534,900; 1890, 538,065; 1900, 663,209; 1910, 1,522,133.

² 1,522,133—663,209=858,924 (limit of possible overestimation in the number of female agricultural laborers).

8,075,772—858,924=7,216,848 (corrected number of women gainfully employed).

88,167,336—858,924=87,308,412 (corrected total of persons gainfully employed).

7,216,848÷37,308,412=19.3 per cent (ratio of women to the total number of persons gainfully employed).

TABLE 11.—*Number of women employed in certain occupations in which employment of married women is common (000 omitted).*

Occupation.	1870	1890	1890	1900	1910
Laundresses.....	58	108	218	335	597
Nurses and midwives.....	11	14	41	109	198
Dressmakers.....			283	345	343
Milliners.....	188	282	61	86	128
Seamstresses.....			146	146	167
Five occupations.....	255	404	757	1,021	1,428

It can not be claimed that all or a majority of these 1,428,000 women are married, but there is no doubt that a very considerable proportion of them are.¹ Wives of wageworkers do not go to work out of theoretical considerations as to economic independence of women, or because of a sentimental longing for "self-expression." They do it either because they must, under pressure of a rising cost of living, or because they may thus improve the standard of the family, since improved conditions of housekeeping as well as the reduction in the size of families enable them to sell their leisure hours in the labor market.

With fewer children to support, with women young and old, married or unmarried, contributing to the family budget, or at least partially relieving it of a certain share of the burden, the wageworkers of America were able to raise their standard of living, to lead a somewhat easier life. But this does not mean a larger return for their labor. As far as the purchasing value of their wages is concerned, it had probably increased slightly (though by no means as rapidly as is asserted) between 1870 and 1890. But since 1900 it has been rapidly falling. The purchasing powers of wages in 1913 are not much higher than they were in 1870. Even assuming the correctness of the figures derived from the Aldrich report, the increase for the last three decades was nil.

And yet the increase in the productivity of labor during the last three decades, especially as measured in consumer's values, was enormous. It is not at all necessary to quote figures to prove this contention.

The conclusion is inevitable that a much smaller share of the value reaches the wageworker now than did 20 or 30 years ago.

OBJECTIONS TO A COMPENSATED DOLLAR ANSWERED.

In *The Purchasing Power of Money* (1911) I sketched a plan for controlling the price level, i. e., standardizing the purchasing power of monetary units. This plan was presented more briefly, but in more popular language, before the International Congress of Chambers of Commerce, at Boston, September, 1912. The details were most fully elaborated in the *Quarterly Journal of Economics*, February, 1913. Following these and various other presentations of the subject, especially the discussion at the meeting of the American Economic Association in December, 1912, the plan was widely criticized by economists, both favorably and unfavorably, as well as by the general public. The bibliography at the end of this article is selected from a list of 344 references (of which 305 are newspapers), and I there include references to anticipations of the plan by Prof. Simon Newcomb and Aneurin Williams, M. P.²

On the whole the plan has been received with far more favor than I had dared to hope, and even the adverse criticism has usually been tempered by a certain degree of approval.

¹ In 1900, 19.7 per cent were married and 22.1 per cent widowed.

² Mr. Williams's plan, described in 1892, was first brought to my attention after the American Economic Association discussion. That of Simon Newcomb, the famous astronomer (and economist), appeared in 1879. I came upon it by accident, after the present article was in type, in searching for data on the allied subject of an absolute standard of value. Newcomb's and Williams's plans are so nearly identical with mine as to leave nothing vital which I can still claim as original and unanticipated except the proviso against gold speculation. Among others who have anticipated the general idea of changing the weight of the dollar are William C. Foster, of Watertown, Mass.; Henry Heaton, of Atlantic, Iowa; Prof. Alfred Marshall (*Contemporary Review*, March, 1887, p. 371, footnote); and President Woodrow Wilson. In a book which I hope to publish on this subject in a few months I shall include references to several others, through less similar, anticipations which have come to light, one being by Alfred Russell Wallace.

The object of the present paper is to answer briefly the more important and technical objections which have been raised. The chief popular objections and misunderstandings were answered by an article in the *New York Times*, December 22, 1912. Only one of these is included in this article. Answers to the more popular objections, omitted from this article through lack of space, will appear in a book, *Standardizing the Dollar*, which I hope to publish in 1915.

APPENDIX C.

UNEMPLOYED INSURANCE UNDER THE BRITISH NATIONAL INSURANCE ACT.

[Prepared by the U. S. Bureau of Labor Statistics.]

The British scheme of insurance against unemployment under the national insurance act, 1911, Part II, and the amendment act of 1914 is administered by the board of trade and came into operation July 15, 1912. The objects of the scheme are:

1. Compulsory insurance against unemployment in certain trades described as "insured trades." This involves contributions from all employers and workmen in the insured trades, which are designated below, contributions from the State, and the payments of benefits to the work people when unemployed.

2. Encouragement of voluntary insurance against unemployment by money grants from State funds to associations of persons, in all trades and occupations, which pay out-of-work benefits.

COMPULSORILY INSURED TRADES.

The insured trades are:

1. *Building trades.*—Construction, alteration, repair, decoration, or demolition of buildings, including manufacture of wood fittings commonly made in builders' workshops.

2. *Construction of works.*—Construction, reconstruction, or alteration of railroads, docks, harbors, canals, embankment, bridges, piers, or other works of construction.

3. *Shipbuilding.*—Construction, alteration, repair or decoration of ships, boats, or other craft by persons other than members of ship crews, and manufacture of wood fittings commonly made in ship yards.

4. *Mechanical engineering.*—Including manufacture of ordnance and firearms.

5. *Iron founding,* whether included under foregoing headings or not.

6. *Construction of vehicles.*—Construction, repair, and decoration of vehicles.

7. *Sawmilling (including machine woodwork)*; carried on in connection with any other insured trade or of a kind commonly so carried on.

Foremen, other than manual workmen, clerks, apprentices, and persons under 16 years of age are excluded. The nature of his work rather than the business of his employer determines whether a workman is or has been in an insured trade. No employer may employ a workman who does not have an unemployment book. These books can be obtained from labor exchanges or other local offices of the unemployment funds and are current only for such period not exceeding 53 weeks as is specified thereon.

Umpire to decide doubtful cases.—If there is doubt whether any workman is included in an insured trade, information can be obtained from a labor exchange or other local office of the unemployment fund, and if the employer or workman desires he may apply for a definite decision to an umpire appointed by the crown and acting independently of the board of trade.

Workmen only partly in an insured trade.—Workmen employed by the same employer partly in and partly not in an insured trade may arrange with the employer to have contributions paid on their account as if they were wholly employed in an insured trade, and will be entitled to benefits accordingly.

Contributions.—As stated above, contributions are required from all employers and workmen in insured trades, and also from the State.

When the workman is 18 years of age or over contributions of 2½d. (5.07 cents) each are required from the employer and the workman, or 5d. (10.14 cents) from both, for every period of employment lasting more than two days but not over a week; 2d. (4.06 cents) from each or 4d. (8.11 cents) from both for every employment period of over one but not over two days; and 1d. (2.03 cents) each or 2d. (4.06 cents) from both for every employment period of not over one day. If the workman is under 18 years of age, the contributions re-

quired are 1d. (2.03 cents) each or 2d. (4.06 cents) from both for every employment period not exceeding a week.

The State contributions must be paid each year and are fixed by the law at one-third of the total receipts from employers and workmen in insured trades during that year. The treasury may determine the manner and the time such contributions are to be paid.

Collection of contributions from employers and workmen.—Contributions of employers and workmen are paid in the first instance by the employers, who are required to purchase and affix to the workmen's unemployment books unemployment insurance stamps to the value of the joint contributions of both employer and workman. The unemployment insurance stamps are obtainable at post offices, but are entirely distinct from postage stamps or from the health insurance stamps issued under Part I of the insurance act. Three ordinary denominations of stamps are on sale, namely, 5d., 4d., and 2d., though higher denominations may be obtained from the board of trade.

After having affixed the stamps the employer may deduct from the workman's wages one-half the value of such stamps. No contributions are required while the workman is out of work or engaged in any other than an insured trade.

An employer or workman who fails to pay his contributions or refuses to comply with the act or regulations thereunder is liable for each offense to a fine to £10 (\$48.67), and in addition, where the offense is failure to pay any contribution, he is liable to the unemployment fund for three times the amount he has refused to pay, not exceeding £5 (\$24.33). If an employer so convicted is further convicted of failure to pay other contributions during the year preceding the date information was laid, he is liable to the unemployment fund for the total of such other contributions, and can not recover the workman's portion thereof.

Custody of unemployment books.—While the workman is employed his unemployment book is kept by the employer, who must give him reasonable opportunity to inspect the book. When the workman loses his employment the employer must return his book, which the workman must then deposit with a labor exchange or other local office of the unemployment fund.

Contributions from casual workmen.—In ordinary cases, as has been stated, a contribution of 2½d. (5.07 cents) each is required from the employer and the workman for every separate employment period lasting over two days, but not over a week. Under this rule a workman having two separate periods of employment in a week, each lasting three days, under different employers, for example, is subject to two contributions—that is, 5d. (10.14 cents) altogether—and his employers would also have to pay the same amount. On the other hand, if he had been continuously employed for one week by one employer, he and the employer would each have had to pay only 2½d. (5.07 cents).

This to some extent automatically adjusts the premium for insurance to greater risk, in so far as casual workmen and their employers must pay greater contributions than regular workmen and their employers, though it may be noted that the casual employee under such circumstances gets a proportionately increased claim on the fund.

By a special provision in section 99 of the act, however, casual workmen and their employers may escape the higher contributions and the employer be relieved of the obligation of keeping and stamping unemployment books. This provision authorizes the employer, through the board of trade, to make an arrangement with a labor exchange, whereby the latter undertakes to keep and stamp on the employer's behalf the unemployment books of workmen engaged through the labor exchange, and whereby all the employment periods of the same or different workmen engaged by that employer through the labor exchange may be treated as a single continuous period of employment of one person. In other words, the employer who uses the labor exchange in this way may pay according to the amount of labor he has, though the employment has been discontinuous and he has not had the same man, and the workman engaged through the labor exchange may pay at the rate of a single contribution for each week of work he does, regardless of the number of separate engagements he may have had.

Employers who thus arrange for a labor exchange to keep and stamp the unemployment books are required to deposit with the board of trade a sum sufficient to cover the estimated contributions of both employers and workmen for three months, or such lesser period as may be agreed upon between them and the board of trade.

Unemployment fund.—The unemployment fund is made up of the contributions of employers, workmen, and the State, as above described. From it are paid all claims for unemployment benefit and any other payments authorized under Part II of the act. The fund is controlled and managed by the board of trade.

Benefits.—Benefits may be obtained by workmen in insured trades either (1) direct from the unemployment fund through a labor exchange or other local branch of the fund or (2) through an association of workmen which pays unemployment benefits and has arranged with the board of trade for a refund under section 105 of the act. In the latter case the members of the association, instead of drawing unemployment benefits from a local office under the rules of the unemployment fund, may draw benefits from the association, and the association may thereafter recover from the unemployment fund the amount which the workmen would have been entitled to had they made direct claim. The word "association" as here used includes trade-unions paying unemployment benefits.

According to the amendment act of 1914 the board of trade shall not make or continue an arrangement such as that just described unless they are satisfied that the total benefit authorized by the association is at least one-third greater than the benefit provided to be paid from the unemployment fund under the original act.

Whether the workman seeks benefits direct from the unemployment fund or through an association, he must on losing his employment get his unemployment book from the employer and leave it at a labor exchange or other local office of the fund. Notice that the book has been lodged and claim made will be given in every case to the last employer.

If the workman makes direct claim to the fund he must, if living within 3 miles of the local office, go to that office daily and sign a register during working hours as evidence of unemployment. If, however, he lives over 3 but not over 5 miles from the office, he is required to attend only on alternate days, and may then sign both for the actual day of attendance and the preceding day. If the distance exceeds 5 miles he may attend at longer intervals or give such evidence of unemployment as the board of trade may direct.

When the workman makes claim through an association he must get a receipt for his book, take it to the association, and give such evidence of unemployment as is required by his arrangement with the association. He thereafter draws benefits from the association in accordance with its rules, and subsequent settlement of claim is made between the association and the board of trade.

In accordance with its provisions no benefits were paid during the first six months after the law went into effect, that is, until January 15, 1913, but the unemployment benefit to be paid after that date was placed at 7s. (\$1.70) a week for workmen 18 years of age or over, and 3s. 6d. (85 cents) a week for workmen between 17 and 18, while those under 17 can not claim benefits. Benefits can not be obtained for more than 15 weeks in any insurance year or for less than one day, nor can a workman receive more than the proportion of one week's benefit for five contributions paid by him.

Waiting period.—No benefit is allowed for the first week of employment. This "waiting period" plays an important part in the working of the system. If the rule stood by itself it would mean that every time a workman obtained employment, even for a day, he would on again losing employment be disqualified from receiving unemployment benefit for a whole week.

A paragraph in section 107 provides, however, that when two periods of employment of not less than two days each are separated by a period of not more than two days involving employment of not more than 24 hours, the two unemployment periods are together treated as a continuous period of unemployment.

The meaning of this can be explained best by an illustration. If a workman has been unemployed four days, then gets work for two days, and again is unemployed four days, he can get benefit for the last two days of the second period. In this case the first two days of the second unemployment period are run together with the first unemployment period of four days to make up the waiting week.

Section 107 also provides that when there are two periods of unemployment of not less than a week each, separated by an interval of not more than six weeks, the two unemployment periods are treated as a continuous period of unemployment. Thus, if a workman has been unemployed six days, then gets work for six weeks, and is again unemployed for six days he can receive benefit for the whole of the second six days, the first unemployment period of six days being considered as the waiting period.

A workman is not considered to be unemployed while employed at a remunerative occupation in an insured trade or while following any other occupation from which he gets pay or profit greater than he would derive from unemployment benefit under the act, unless he has ordinarily followed the other occupation in addition to his employment in an insured trade and outside his working hours in that trade, and his pay from such other occupation is not over £1 (\$1.87) a week.

Conditions of benefit.—In order to receive benefits, a workman must prove that not less than 10 contributions have been paid by him; that he has made application for unemployment benefit in the prescribed manner, and since the date of the application has been continuously unemployed; that he is capable of work but unable to obtain suitable employment; and that he has not exhausted his right to unemployment benefit. He is not considered to have failed to meet these conditions if he has declined to accept: (1) a situation vacant because of stoppage of work due to a trade dispute; (2) an offer of employment in a district where he was last ordinarily employed, at a lower rate or less favorable conditions than those he ordinarily obtained in his usual employment in that district or would have obtained had he continued to be so employed; (3) or an offer of employment in any other district at a lower rate or on less favorable conditions than those generally observed in such district by agreements between associations of employers and of workmen, or if there is no such agreement, than those generally recognized by good employers.

On the other hand, workmen are not paid unemployment benefit if they unreasonably refuse offers of suitable situations. The situation must, however, be in their own trade and the wages must not be lower and the conditions not worse than those usually prevailing in the trade in the locality where the work is to be done.

Disqualification for unemployment benefit.—The following are disqualified from receiving unemployment benefits: (1) A workman who has lost employment by reason of a stoppage of work due to a trade dispute at his place of employment for so long as such stoppage continues or until he gets work elsewhere in an insured trade; (2) a workman who has lost employment through misconduct or voluntarily leaving employment without just cause, for six weeks after so losing employment; (3) a workman while an inmate of any prison, workhouse, or other institution supported by public funds, or while residing temporarily or permanently outside the United Kingdom; (4) a workman receiving sickness or disablement benefit or disablement allowance under Part I of the national insurance act.

Disputed claims.—The decision as to whether a workman is entitled to benefit or not is made in the first instance by an insurance officer appointed by the board of trade, subject to the workman's right to appeal to a court of referees, consisting of an "impartial chairman" and one representative each of employers and workmen. From the decision of the court of referees the workman has no appeal, but if the insurance officer disagrees with the recommendation of the court he may carry the matter to the umpire, an officer appointed by, but independent of, the board of trade, whose decision is final.

Refund of contributions.—The insurance act originally provided that an employer, in order to get a refund on contributions paid by him in behalf of any workman, must have paid at least 45 such contributions and have had the workman continuously in his service for one year. Under this provision refunds were lost in many cases owing to circumstances over which the employer had no control; for example, when workmen went on strike. The amendment act of 1914 changed this provision so that all that is necessary for the employer to do to get a refund in respect to any workman is to pay 45 contributions or more during the insurance year. This entitles him to a refund of 3s. (73 cents) for each workman for whom he has paid such contributions whether or not the workman has been continuously employed by him.

The board of trade may apply this provision to any period less than an insurance year, subject to proportionate reduction in the number of contributions and the sum to be refunded.

A workman who has made 500 contributions is entitled on reaching the age of 60 to a refund of the whole of his contributions (but not what his employer and the State have paid over for him), less the amount he may have received as unemployment benefit, with compound interest at 2½ per cent. If he was over 55 years of age when his contributions became payable, the number of weekly contributions required to entitle him to repayment is reduced by 50 for every year or part of a year by which his age at that time exceeded 55.

When it appears to the board of trade that there is exceptional unemployment, workmen systematically working short time and their employers may be exempted entirely from paying contributions.

Encouragement of voluntary insurance against unemployment.—An important feature of the law is found in section 106 relating to money grants from the State (not from the unemployment fund) to aid voluntary insurance against unemployment. By these grants part of the expenditure actually incurred on account of unemployment may be repaid to associations paying benefits to unemployed persons, whether in an insured trade or not. These grants apply only to insurance through associations and no provision is made for direct voluntary insurance of individual workmen. Repayments may not exceed one-sixth of the amount of benefit paid.

The original act provided that any amount by which benefit payments exceeded 12s. a week should be excluded in calculating repayments under the one-sixth rule. This provision was repealed by the amendment act of 1914 and the limit of benefits on which such repayments can be calculated raised to 17s. (\$4.14). On benefits exceeding this amount repayments are subject to reduction by the board of trade from what they would otherwise amount to under the one-sixth rule.

In the case of associations of workmen in "insured trades" the refund of one-sixth is calculated, not on the whole amount of the benefit paid, but on what remains after deducting the amount recoverable by the association from the unemployment fund, according to section 105 of the act, as described under the heading "Benefits."

Thus, for example, if an association of workmen belonging to the "insured trades" pays a total benefit of 13s. (\$3.16) per week, of which 7s. (\$1.70) is allowed by the State and is recovered from the unemployment fund, the refund it would get under the one-sixth rule would not be one-sixth of 13s., but one-sixth of the balance of 6s., or 1s. (24.33 cents), per week. This, with the 7s. recovered from the unemployment fund, would amount to a total of 8s. (\$1.95) recovered per week.

On the other hand, an association of workmen not belonging to the insured trades, which gives a benefit of 13s., for example, can recover nothing from the unemployment fund, but can recover from the State one-sixth of 13s., or 2s. 2d. (52.73 cents), a week.

The amendment act of 1914 further provides that in associations of workmen in insured trades if the highest weekly benefit authorized is less than 13s. (\$3.16) the whole amount recovered from the unemployment fund is not excluded in calculating repayments by State grants, but rather such proportion of the amount recovered as the highest weekly payment is of 13s.

Suppose, for example, an association authorizes unemployment benefits of only 12s. (\$2.92) per week. The amount recovered by this association from the unemployment fund in respect to a workman receiving such benefit would be 7s. (\$1.70) per week. Under the 1914 amendment just mentioned, however, the additional amount to be repaid by State grant according to the one-sixth rule would not be calculated on the balance of 5s. remaining after deducting the 7s. recovered from 12s., but rather on the amount remaining after deducting twelve-thirteenths of 7s., or 6s. 5½d. from 12s. The remaining amount would thus be 5s. 6½d., and one-sixth of this, or 11½d. (22 cents), would be the amount repaid by State grant. This with the 7s. recovered from the unemployment fund would amount to a total of 7s. 11½d. (\$1.92) recovered per week.

Soon after the outbreak of the European war the Government authorized emergency grants to associations in addition to the one-sixth allowed under section 106. To secure these extra grants extra levies in addition to regular contributions are required from members who are 21 years of age and over and are fully employed. Emergency grants may amount to one-sixth or one-third of the expenditures for unemployment benefit depending on the amount of the levy. The rate of the levy also varies according to the benefit paid. If the weekly unemployment benefit is 13s. or less per week a weekly levy of 1d. is required to obtain an emergency grant of one-sixth, and a levy of 2d. to obtain a grant of one-third; if the benefit is over 13s. but not over 15s. a levy of 2d. is required to secure a grant of one-sixth and a levy of 4d. to secure a grant of one-third; if the benefit exceeds 15s. but does not exceed 17s. a levy of 3d. is required to obtain an emergency grant of one-sixth and 6d. to obtain a grant of one-third. Thus an association paying an unemployment benefit of 17s. (\$4.14) per week and levying 6d. (12.17 cents) per week on its members who are fully employed will obtain an emergency grant of one-third of its expenditure on un-

employment benefit, which with the one-sixth ordinarily obtainable under section 106 will equal one-half of the association's expenditure. If it levies only 3d. (6.08 cents) per week it will obtain an emergency grant of one-sixth, which with the one-sixth ordinarily obtainable will amount to one-third of its expenditure. Emergency grants are allowed only when associations are suffering from abnormal unemployment and do not pay unemployment benefit of over 17s. (\$4.14) a week, and on condition that they agree while receiving such grants to make levies over and above the ordinary contributions on members remaining fully employed.

The following tables, compiled from statements in the Board of Trade Labor Gazette, show, first, the number of workmen insured against unemployment in each group of insured trades at specified dates since the law went into effect, and, second, the total number of claims made and the amount of benefits paid from month to month. The figures in these tables are necessarily incomplete, because of lack of official information.

Number of persons insured against unemployment under part II of the British national insurance act of 1191, at specified dates, by trades, July 27, 1912, to Feb. 29, 1916.

Date.	Persons insured in—							Total.
	Building trades.	Works of construction.	Ship-building.	Engineering and iron founding.	Construction of vehicles.	Saw-milling.	Other industries.	
1912.								
July 27.....	1 740,524	(*)	204,672	696,779	171,055	17,192	71,608	1,901,830
Aug. 31.....	1 806,857	(*)	217,377	731,619	179,779	17,616	76,298	2,029,546
Sept. 28.....	1 845,030	(*)	224,569	746,752	183,446	18,047	76,730	2,094,574
Oct. 26.....	1 893,617	(*)	230,724	763,031	187,574	18,218	77,487	2,170,651
Nov. 30.....	1 918,026	(*)	237,313	779,114	191,290	18,480	78,145	2,222,368
Dec. 28.....	1 931,269	(*)	240,567	787,962	193,550	18,661	78,622	2,250,631
1913.								
Feb. 1.....	792,553	158,308	248,221	802,094	198,060	18,785	79,305	2,297,326
Mar. 1.....	1 967,321	(*)	254,850	814,930	201,994	18,854	80,750	2,338,699
Mar. 29.....	1 983,154	(*)	259,394	824,691	205,009	18,778	82,247	2,373,273
Apr. 26.....	1 1,002,141	(*)	264,021	836,683	208,470	18,867	83,400	2,413,582
May 31.....	1 1,024,848	(*)	269,749	850,696	212,025	18,973	84,727	2,461,018
June 28.....	1 1,045,698	(*)	273,278	862,672	214,718	19,080	86,046	2,501,492
July 12.....	861,408	186,260	274,228	865,563	216,028	19,118	86,334	2,508,639
1914.								
Jan. 17.....	775,755	161,168	260,820	804,527	204,672	11,819	63,563	2,282,324
May 31.....	1 927,117	(*)	260,996	807,169	206,170	11,776	63,030	2,276,258
June 30.....	1 947,685	(*)	262,130	811,288	208,130	11,922	63,744	2,304,899
July 31.....	1 956,890	(*)	264,217	817,931	209,985	12,029	64,546	2,325,598
Aug. 31.....	1 967,374	(*)	265,584	820,850	210,859	12,123	64,718	2,341,508
Sept. 30.....	1 976,921	(*)	272,996	828,988	211,471	12,192	64,743	2,367,311
Oct. 31.....	1 985,383	(*)	276,143	838,185	212,370	12,294	64,446	2,388,821
Nov. 30.....	1 926,660	(*)	255,208	771,758	195,326	11,618	59,410	2,219,980
Dec. 31.....	1 889,975	(*)	242,790	730,785	184,720	11,165	56,101	2,115,536
1915.								
Jan. 31.....	1 889,975	(*)	242,790	730,785	184,720	11,165	56,101	2,115,536
Feb. 28.....	1 889,975	(*)	242,790	730,785	184,720	11,165	56,101	2,115,536
Mar. 31.....	1 895,029	(*)	246,027	741,855	186,291	11,267	55,588	2,136,027
Apr. 30.....	1 895,029	(*)	246,027	741,855	186,291	11,267	55,588	2,136,027
May 31.....	1 825,073	(*)	247,745	763,731	183,033	10,246	47,897	2,077,725
June 30.....	1 825,073	(*)	247,745	763,731	183,033	10,246	47,897	2,077,725
July 31.....	640,947	150,974	242,963	758,093	174,275	9,433	42,998	2,019,683
Aug. 31.....	640,947	150,974	242,963	758,093	174,275	9,433	42,998	2,019,683
Sept. 30.....	640,947	150,974	242,963	758,093	174,275	9,433	42,998	2,019,683
Oct. 31.....	640,947	150,974	242,963	758,093	174,275	9,433	42,998	2,019,683
Nov. 30.....	577,928	114,155	226,048	804,002	174,139	8,566	47,222	1,952,060
Dec. 31.....	577,928	114,155	226,048	804,002	174,139	8,566	47,222	1,952,060
1916.								
Jan. 31.....	550,973	113,427	222,870	846,000	167,075	8,239	43,224	1,951,817
Feb. 29.....	550,973	113,427	222,870	846,000	167,075	8,239	43,224	1,951,817

* Including those in works of construction.

* Included in building trades.

Persons insured against unemployment, claims made, and benefits paid under Part II of the British national insurance act of 1911, at specified periods, Jan. 31, 1913, to Feb. 25, 1916.

Four weeks ending—	Number insured (at end of specified month).	Claims made. ¹	Benefits paid.	
			Number.	Amount.
1913.				
Jan. 31 ²	2,297,326	165,642	\$ 64,522	\$ 120,572
Feb. 28.....	2,338,699	87,646	\$ 185,222	\$ 288,287
Mar. 28.....	3,373,273	65,577	\$ 111,161	\$ 173,033
Apr. 25.....	2,413,582	63,447	\$ 68,043	\$ 105,389
May 30 ⁴	2,461,018	74,186	\$ 63,639	\$ 95,763
June 27.....	2,501,492	68,058	\$ 47,379	\$ 71,095
July 25.....	2,508,939	68,806	\$ 57,372	\$ 85,295
Aug. 29 ⁴	(⁵)	78,229	\$ 70,081	\$ 104,425
Sept. 26.....	(⁵)	77,266	\$ 85,897	\$ 125,176
Oct. 31 ⁴	(⁵)	110,242	\$ 145,856	\$ 206,281
Nov. 28.....	(⁵)	92,106	\$ 154,079	\$ 220,671
Dec. 26.....	(⁵)	90,615	\$ 168,551	\$ 245,247
1914.				
Jan. 30 ⁴	(⁵)	163,300	317,704	466,955
Feb. 27.....	(⁵)	86,465	211,654	301,903
Mar. 27.....	(⁵)	75,183	147,225	206,807
Apr. 24.....	(⁵)	63,794	120,535	167,442
May 29 ⁴	(⁵)	83,884	127,925	174,367
June 26.....	2,276,258	73,743	(⁵)	156,390
July 31 ⁴	2,304,899	103,730	(⁵)	213,956
Aug. 28.....	2,325,598	180,233	(⁵)	229,154
Sept. 25.....	2,341,508	133,692	(⁵)	384,142
Oct. 30 ⁴	2,367,311	124,730	(⁵)	345,278
Nov. 27.....	2,388,821	76,656	(⁵)	196,373
Dec. 24.....	2,219,980	56,049	(⁵)	151,445
1915.				
Jan. 29 ⁴	2,115,536	73,395	(⁵)	200,743
Feb. 26.....	2,115,536	43,113	(⁵)	106,635
Mar. 26.....	2,136,027	32,916	(⁵)	61,240
Apr. 30 ⁴	2,136,027	33,538	(⁵)	48,844
May 28.....	2,077,725	23,434	(⁵)	30,599
June 25.....	2,077,725	22,867	(⁵)	26,824
July 30 ⁴	2,019,683	31,179	(⁵)	33,871
Aug. 27.....	2,109,683	21,063	(⁵)	29,024
Sept. 24.....	2,109,683	22,329	(⁵)	26,883
Oct. 29 ⁴	2,019,683	27,195	(⁵)	32,708
Nov. 26.....	1,952,060	21,316	(⁵)	28,634
Dec. 31 ⁴	1,952,060	27,765	(⁵)	46,767
1916.				
Jan. 28.....	1,951,817	20,359	(⁵)	50,806
Feb. 25.....	1,951,817	16,959	(⁵)	34,221

¹ Including back claims for direct payment of benefits and claims for payment through associations which have made arrangements with the board of trade under sec. 105 of the national insurance act of 1911.

² Jan. 8 to Jan. 31.

³ Not including benefits due through associations.

⁴ 5 weeks.

⁵ Not reported.

Of the total benefits the larger amount is paid directly from the unemployment fund. Thus, in 1914 the per cent of benefit paid directly ranged from 63 per cent in June and October to 71 per cent in February. The corresponding benefits paid through associations in 1914 and repayable to them from the unemployment fund ranged from 37 to 29 per cent of the total. In 1915 the proportionate amount of benefits paid directly from the unemployment fund was somewhat smaller than in 1914, ranging from 53 per cent in June to 64 per cent in March. In January and February, 1916, 53 per cent of the total amount of benefits was paid directly from the unemployment fund and 47 per cent through associations.

APPENDIX D.

THE PRESENT STATUS OF UNEMPLOYMENT INSURANCE ON THE BASIS OF OFFICIAL SOURCES AND OF REPORTS PREPARED FOR THE GENERAL CONVENTION AT GHENT OF THE INTERNATIONAL ASSOCIATION ON UNEMPLOYMENT.

[Special supplement to *Reichs-Arbeitsblatt*, No. 12, December, 1913.]

Cf. previous memoir, *Die bestehenden Einrichtungen zur Versicherung gegen die Folgen der Arbeitslosigkeit in Deutschland und im Deutschen Reich*, Berlin, 1906; as also, in connection with legislation discussed below, for Denmark: Dr. Zacher, *Die Arbeiterversicherung im Ausland*, No. Ia, p. 30; No. Ib, pp. 49, 47*, 69* ff.; *Reichs-Arbeitsblatt*, 1911, p. 182; 1912, p. 190 ff.; 1913, p. 590. For Norway, cf. Zacher, *ibid.*, No. IIb, pp. 43, 19*, 23* ff.; and *Reichs-Arbeitsblatt*, 1911, p. 276 ff. For Great Britain, cf. Zacher, *ibid.*, No. Va, p. 51; No. Vb, pp. 6, 84, 91 ff., and *Reichs-Arbeitsblatt*, 1909, p. 830; 1910, p. 357; 1911, pp. 448, 560, 702, 860; 1912, pp. 55, 140, 160.

[Prepared by the German Imperial Statistical Bureau, Division of Labor Statistics, Berlin. Translated by the statistical bureau, Metropolitan Life Insurance Co., for the American Association for Labor Legislation, 181 East Twenty-third Street, New York City.]

EXPLANATORY NOTE.

A number of reports of progress in the field of unemployment insurance have been published in the German *Reichs-Arbeitsblatt*.¹ The reports prepared for the General Convention at Ghent of the International Association on Unemployment, in September, 1913, furnish a new occasion to issue a statement with regard to the present status of unemployment insurance. In order to facilitate a summary view of the situation, an attempt has been made to arrange the most important information in the comparative tables which follow, on the basis of the résumé of social insurance in Europe.² Use has been made of official publications, as well as of the reports prepared for the meeting at Ghent.³

Attention has been paid solely to the arrangements made by public bodies (States, Provinces, communities), leaving out of consideration measures for self-help on the part of workmen. The latter will be treated in detail for Germany and briefly for other countries in Special No. 8 of the *Reichs-Arbeitsblatt*.⁴ This will appear shortly, and will be devoted to the status of unions of employers, salaried employees, and workmen in 1912. Moreover, we have left out of consideration the philanthropic work of employers, as well as that of funds and societies having no governmental aid.

In the arrangement of the tables Germany has been placed at the end of the series.

Interpreting the term "insurance" in its broadest sense, the systems of unemployment insurance through public bodies which have thus far found application are three in number, as follows:

I.—*The system of subsidies paid by public bodies to the unemployment insurance funds of trade-unions.*—This is usually called the "Ghent system," after the city in which it was first applied. It has been introduced more generally than any other. In this connection it is important to determine whether the payment of subsidies is left entirely to the communes or other public bodies, or whether additional sums are given by the State, and in the latter case, whether these sums are dependent upon the budget or are determined by law.

The system of subsidization is left entirely to the communes (or Provinces) in Germany, in Belgium (where its development is oldest and greatest), in Holland, in France (where besides a number of communes and departments, the State has set aside the sum of 100,000 francs in its budget, which amount has never been fully utilized, as the slight importance of the trade-union benefit

¹ Cf. Supplement to No. 4, April, 1913 (Index for 1908–1912), p. 10.

² Supplement to No. 12, December, 1912, of the *Reichs-Arbeitsblatt*.

³ For Germany, cf. *Der gegenwärtige Stand der Arbeitslosenfürsorge und-Versicherung in Deutschland*, publications of the German Association on Unemployment, No. 2, prepared by Dr. E. Bernhard. The reports for other countries are at hand in the form of publications of the conference; they will appear in the *Bulletins Trimestriels de l'Association Internationale pour la Lutte contre le Chomage*.

⁴ Cf. *Statistisches Material zur Frage der Arbeitslosigkeit*, prepared by the Imperial Ministry of the Interior (November, 1913), p. 52 ff. For foreign countries, cf. *Statistisches Jahrbuch für das Deutsche Reich*, 1913, p. 10* f.

system in that country does not seem to have been influenced by subsidization), in Luxembourg, and in a number of Cantons of Switzerland (in the form of cantonal subsidies).

Legal regulation for the whole country has been instituted in Norway, in Denmark, in Great Britain (besides the compulsory insurance which has been introduced into some industries), and, if we take the Swiss Cantons into consideration, in Geneva and in the city of Basel (besides the voluntary unemployment insurance fund). It is noteworthy that in Norway, Denmark, and Great Britain the system of labor exchanges has been regulated by law, hand in hand with insurance. (Cf. the Norwegian law of June 12, 1906, the English law of Sept. 20, 1909, the Danish law of Apr. 29, 1913, and the international report to the Ghent conference, September, 1913, printed in the *Reichs-Arbeitsblatt*, 1913, p. 761 ff.).

The results of the Ghent system must, in general, be designated as slight. Its purpose, "training in self-help," has been fulfilled almost nowhere, either in the sense that the trade-unions have received a greater influx of members because of the subsidies, or in the sense that they have introduced or further developed unemployment benefit. Only this has been attained—the benefits given by the unions have been increased. However, those who have received them constitute a comparatively small portion of the total number of unemployed, even where, as in Denmark, the organization of workmen was far advanced before the introduction of the subsidy system. In Belgium, moreover—in the mother country of the system—comparatively few workmen reap its benefits. It is true that the organization movement has forged ahead in Germany much farther than in Belgium or in France, and that unemployment benefit has attained a much greater development there than in other countries. (Cf. Special No. 8, *Reichs-Arbeitsblatt*.) Yet it has thus far been impossible to determine the existence of any effect upon the strength of organization and upon the development of unemployment insurance in the cities which have introduced the Ghent system. Furthermore, it can not be denied that conditions are less favorable to success in Germany than anywhere else. While in other countries trade-unions are preponderantly organized on a local basis, the German bodies are invariably strongly centralized. Moreover, their benefit system is, in general, unified and adapted to the entire Empire.

The slight financial burdens which, according to the tables, are necessitated by the Ghent system (in nine German cities for which we know at least the amount of the annual grants, they add up to only a little more than 40,000 marks) have aided its adoption greatly, but have at the same time shown its insignificance in the campaign against the consequences of unemployment. Hence its ardent champions have become convinced that at least a partially compulsory insurance system should be instituted.

The subsidization of trade-unions is frequently, as in Ghent, associated with the subsidization of savings societies or of individual savers, which, however, has almost universally turned out to be a failure. We have still to consider the payment of subsidies to voluntary unemployment funds.

II. *The system of State or communal voluntary unemployment funds.*—The best-known funds of this class are those of the city of Berne, of the Canton of Basel, and of the city of Cologne (formerly a free society with a considerable municipal subsidy). Recently on the basis of the model regulations drafted by the Bavarian Government the cities of Kaiserslautern, Bavaria, and Schwabisch Gmünd, Wurtemberg, have associated with the subsidy system the institution of voluntary unemployment insurance funds. However, we have no reports as yet concerning their experience.

In general the voluntary unemployment funds are hampered by the fact that only a comparatively small number of workmen joined them. In the case of almost all of these the danger of unemployment is especially great, or lack of work is a regularly recurring phenomenon especially true of the building trades. The greatest number of voluntary insured belonged to the Cologne fund in its earlier form. Since its modern reconstruction, with increased dues it has been able to obtain but few members.

Greater success has been experienced by the Cologne fund in its new activity, the reinsurance of trade unions. This is akin to the Ghent system, but is distinguished from it by requiring payment from the unions in return for subsidization. Furthermore, from the viewpoint of advancing self-help, Cologne has obtained better results than other cities by means of the Ghent system. It has been able to win over four trade-unions to the introduction of unemployment benefit on the basis of reinsurance. It is true that the unions in the

building trades, upon whom the greatest reliance had been placed, have thus far declined to participate—the free trade-unions for the reason that they are militant organizations and not mutual benefit associations and the Christian unions because they feel no need.

III. *The system of compulsory insurance.*—Aside from the unfortunate and rapidly abandoned experiment of 1894, in the city of St. Gall, there has never as yet been a system of compulsory insurance for all workmen, nor was there such an institution for particular industries until the enactment of the English national insurance act of 1911. So short a time has elapsed since the enactment of this law, which extends compulsory insurance to about 2,500,000 workmen, and its enforcement was begun in a period so favorable from a commercial point of view that no final judgment can be given. This fact has been recognized by the convention at Ghent of the International Association on Unemployment in agreement with the report of the English section.

The plan for compulsory insurance of workers in the watch and clock industry in the Swiss Canton of Neuenburg is still in the preliminary stage.

Tables I, II, and III refer to arrangements outside the German Empire. The first treats of the three countries which have legal regulation. The second table contains the data for those countries in which state subsidies are provided for in the budget and for those in which there is no state subsidy (or, in Switzerland, no Federal subsidy). The third is devoted to the two voluntary unemployment insurance funds of Switzerland.

The tables for Germany are so arranged that Table IV concerns subsidies to trade-unions; Table V, subsidies to savers and to savings societies; and Table VI, public voluntary unemployment insurance funds. Thus some cities occur in two tables; they are those which associate subsidies to trade-unions with similar payments to individual savers or to voluntary unemployment funds (Berlin-Schöneberg, Stuttgart, Feuerbach, Freiburg, i. B., Kaiserslautern, Schwabisch Gmund). Those cities are not included which give free unemployment benefit, which differs from poor relief only in the fact that it has been regulated by special legislation, the local ordinances declaring that it is not to be considered as such relief. Where benefits are paid to those who are not included in the subsidy system, particularly the unorganized, this has been especially indicated (Berlin-Schöneberg, where meal tickets are given, Erlangen, Mannheim).

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A. UNEMPLOYMENT INSURANCE

I. COUNTRIES WITH

	Nature.	Scope.	Form.
Great Britain.	(a) Compulsory insurance. (Law of Dec. 16, 1911, in force beginning July 15, 1912.)	All wageworkers (above age 16) in: Building trades. Machine manufacturing. Ship building and wagon building. Iron molding. Sawmill industry.	National unemployment fund, with national system of labor exchanges (Law of Oct. 20, 1909): 1,000 agents. 430 local labor bureaus (2,500 officials). 8 district bureaus (749 officials). 1 central bureau (287 officials).
	(b) Voluntary insurance (article 106).	All industrial societies the statutes of which call for unemployment benefit.	July 12, 1913: 275 societies with 1,100,000 members (including 500,000 subject to compulsory insurance).
	Statistics of compulsory insurance ¹ (July 12, 1913).	45,200,000 inhabitants; 14,000,000 wageworkers.	2,500,000 compulsorily insured (63 percent skilled laborers), as opposed to about 500,000 formerly voluntarily insured. Unemployment fund: £1,600,000.
Norway.	Voluntary insurance (Laws of June 12, 1906-Dec. 31, 1911, and Aug. 15, 1911-Dec. 31, 1914).	All industrial societies the statutes of which call for unemployment benefit.	"Recognized unemployment funds" in connection with public labor exchanges (Law of June 12, 1906). Requirements for State recognition: 1. Administration of fund independently of trade society. 2. At least half of income of fund must consist of members' dues. 3. Benefits must be so regulated by statute that: (a) No benefit is paid in case of unemployment when there is information of suitable work or through the fault of the insured (including strikes and lockouts); no double insurance or insurance for the first three days of unemployment is permitted; (b) Benefit is not paid until the insured has been a contributing member for 6 months, the maximum being half of the normal daily wage in his occupation, and the maximum period being 90 days per annum; and (c) There will be a special assessment, or reduction in the rates of benefit, in case of insufficient resources.
	Statistics (1912).....	2,400,000 inhabitants; 400,000 wageworkers.	19 funds (17 workmen's funds, 2 employees' funds), with 27,000 members (about 50% of the organized workmen).

¹ Under Article 105 of the law, trade-unions may take over payment instead of the labor bureaus, receiving from the unemployment fund a maximum of three-quarters of their expenditures. (One hundred and five organizations, with 539,775 members, have thus far availed themselves of this clause, including 21 societies, with about 86,000 members—most of them in the building trades—which formerly paid no unemployment benefit.)

OUTSIDE OF GERMANY.

LEGAL REGULATION.

Dues.	Benefits.	Appeal.	
<p>Regular weekly dues, 5 pence (2½ pence paid by employer, 2½ pence by employee). Furthermore, there is a State subsidy amounting to one-third of the annual receipts from dues.</p> <p>State subsidy by repayment to the society of a maximum of one-sixth of the annual expenditure for weekly benefit, not in excess of 12 shillings. (The budget of 1913-1914 provides for an expenditure of £70,000.)</p> <p>Annual dues, £1,700,000. State subsidy, £600,000. Total income, £2,300,000.</p>	<p>7 shillings per week (through the labor bureau¹), from the second to the fifteenth week of unemployment in each year, provided that—</p> <p>(a) The insured has worked at least 26 weeks in the year, for the last 5 years, in an occupation subject to compulsory insurance;</p> <p>(b) He has not become unemployed through strike or through his own fault; and</p> <p>(c) He has not been directed by the labor bureau to work of equal value. (Persons aged 17-18 receive half benefit; persons below age 17 receive none.)</p> <p>Expenditures: 236,458 pounds for about 400,000 cases (an average per case of about 10 shillings for 10 days, with 16 days of unemployment, as almost one-third of the cases were disposed of during the waiting period of one week).</p> <p>Average rate of unemployment: 3.5 per cent (building trades, 5.0 per cent; shipbuilding, 3.1 per cent).</p>	<p>Appeal may be made, without expense, to:</p> <p>(a) Insurance official;</p> <p>(b) Court of arbitration; and</p> <p>(c) Nonpartisan arbitrator.</p> <p>Of 420,802 applications, 37,424 (8.9%) were referred to (a); 2,907 (8.0% of the previous number) to (b); and 49 cases to (c).</p>	Great Britain.
<p>Dues vary according to the statutes of the fund.</p> <p>According to section 6 of the law, the unemployment fund must admit unorganized members of the occupation (without the necessity of giving them the right to vote); however, their dues may be increased by 10%-15% in consideration of the administrative expenses borne by the trade society.</p> <p>State subsidy amounting, under the amendment of July 25, 1908, to one-third (previously one-fourth) of the annual expenditures for benefit, with an assessment of two-thirds of this subsidy paid by the community in which the insured resides.</p> <p>No dues are paid by employers, as they are called upon to aid in the support of accident and sickness insurance.</p> <p>Members' dues, kroner: 186,252 Subsidy from State and communities, kroner: 36,309 Total income, kroner: 222,561 Total capital, kroner: 387,546</p>	<p>Benefit varies according to the statutes of the fund. However, it is legally limited to Norwegian citizens and to persons who have been resident in Norway for 5 years (Cf. column 3).</p> <p>Expenditures: 144,784 kroner to unemployed.</p>	<p>Appeal may be made, without expense, to:</p> <p>(a) Executive of fund; and</p> <p>(b) Ministry.</p>	Norway.

¹ The statistics cover only the first half year of 1913, as benefit has been paid only since January 15, 1913. It is particularly unjustified to draw general conclusions from the figures for this short period, because economic conditions were extraordinarily satisfactory. (The unemployment rate of the trades-unions was only 2.1 per cent in 1913, as opposed to an average of 4.9 per cent for the last ten years.)

A. UNEMPLOYMENT INSURANCE

I. COUNTRIES WITH

	Nature.	Scope.	Form.
Denmark.	Voluntary insurance (Law of April 9, 1907, in force beginning Au- gust 1, 1907).	Workmen's industrial societies the statutes of which call for un- employment benefit.	"Recognized unemployment funds" in connec- tion with public labor exchanges (Law of April 29, 1913). Requirements for State recognition: 1. Administration of fund independently of industrial society. 2. Occupational or local limitation of fund. 3. At least 50 members; none below age 18 or above age 60. 4. Benefits must be regulated by statute so that: (a) No benefit is paid in case of unem- ployment when there is informa- tion of suitable work, or through the fault of the insured (including strikes and lockouts): no double insurance or insurance for the first three days of unemployment is permitted; (b) Benefit is not paid until the insured has been a contributing member for one year, the maximum being two-thirds of the normal daily wage in the occupation or locality. However, this must not be less than 3 kroner or more than 2 kroners, and must be paid for at least 70 days in the year; and (c) There must be extra dues in case of insufficient funds.
	Statistics (1912).....	2,800,000 inhabitants; 800,000 wageworkers.	53 funds, with 111,187 members (60% of those capable of being insured).

II. VOLUNTARY UNEMPLOYMENT INSURANCE BY WORKMEN'S

	Scope.	Societies.	Membership.	Dues.	Benefits.	Persons unem- ployed.
Luxemburg.	260,000 inhabitants; 55,000 workmen (1909).	8	800	2,400 fr.	1,800 fr.	.....
France.	40,000,000 inhabitants; 10,000,000 workmen.	114	49,595		209,564 fr.	8,429
	(a) State (1912).....	114			(193,578 fr.) ¹	
	(b) State (1911).....	114	48,089		224,159 fr.	8,609
	(c) 12 departments (1911).....	209			(206,747 fr.) ²	
	(d) 51 cities ¹ (1911).....					
	Total, (b)-(d).....					
Holland.	5,900,000 inhabitants; 1,500,000 workmen (1912).	281	29,313		50,191 florins. (92,261 florins, including sub- sidy).	.....

¹ Not including cantonal legislation.² Benefits toward which subsidy was paid.

OUTSIDE OF GERMANY—Continued.

LEGAL REGULATION—Continued.

Dues.	Benefits.	Appeal.	Denmark.
<p>Dues vary according to the statutes of the fund. (In 1912 they varied between 4.80 and 26 crowns for the year, the average being 12 crowns.)</p> <p>State subsidy (compulsory): One-third of dues.</p> <p>Community subsidy (voluntary): Up to a maximum of one-sixth of dues.</p>	<p>Benefits vary according to the statutes of the fund. (Daily benefit of $\frac{1}{2}$ kr.—2 kr. for 70–160 days, according to duration of membership.)</p>	<p>Appeal may be made, without expense, to:</p> <p>(a) Executive of fund;</p> <p>(b) Committee; and</p> <p>(c) Minister.</p>	
<p>Dues, kroners..... 1,300,000</p> <p>State subsidy, kroners..... 800,000</p> <p>Community subsidy, kroners 400,000</p> <p>Total income, kroners. 2,500,000</p> <p>Reserve fund, kroners..... 2,400,000</p> <p>Total income, 1907–1912: 9,600,000 kroners (54% dues, 32% State subsidy, and 14% community subsidy).</p>	<p>Compensation: 1,700,000 kroners. (Average unemployment, 26 days, for about half of which compensation was paid.)</p> <p>Total compensation, 6,500,000 kroners.</p>		

SOCIETIES WITH PUBLIC SUBSIDY, BUT WITHOUT LEGAL REGULATION.¹

Subsidies.		Days of unemployment (with compensation).	Expenses of administration.	Remarks.	
Community.	State.				
Credit of 1,500 fr. each.				The subsidies are apportioned according to membership, dues, and benefits on basis of $\frac{1}{3}$ of benefits paid.	Luxembourg.
	47,542 fr.	102,795		Since the enactment of the finance law of April 22, 1905, the State has granted an annual credit of 100,000 fr. Maximum State subsidy (for benefit up to 2 fr. and 60 days), 20 per cent of benefit for local funds and 30 per cent for federation funds.	France.
	50,726 fr.	116,373			
112,423	18,550 fr.				
Total, 181,699.					
42,070 fl.	See footnote 4.			Subsidy of 50–60 cents toward benefit for 50 to 60 days. Also voluntary fund in Dordrecht, as yet without members, not mentioned in Table III, below.	Holland.

¹ Including 21 cities which have passed general legislation with regard to subsidies.

⁴ Bill of August 9, 1907, providing for a State subsidy, has not yet been enacted.

A. UNEMPLOYMENT INSURANCE

II. VOLUNTARY UNEMPLOYMENT INSURANCE BY WORKMEN'S SOCIETIES

	Scope.	Societies.	Membership.	Dues.	Benefits.	Persons unemployed.
Belgium.	7,400,000 inhabitants; 2,100,000 workmen: (1,000,000 industrial workers) (1912)...	Societies supported by communities and other organizations. 401 } 31 } See footnote 2 7 savings so- cieties. 439	103,537 in 370 societies rendering report.			
	(a) State.....					
	(b) 5 Provinces.....					
	(c) 61 communities.....				290,187 fr.	29,203 (27,081) ¹
	(d) 31 communities.....				20,394 fr.	1,569 (1,569) ¹
	(e) communities (9).....				481 fr.	22
	(f) communities.....				775 fr.	40
	Total (a)-(f).....					
Switzerland.	3,900,000 inhabitants; 800,000 workmen: Canton of St. Gall (law of May 19, 1894)— (1913).....	8				
	(1911).....	4				
	Canton of Geneva (law of Nov. 6, 1909)— (1911).....	12				
	(1910).....	10				
	Canton of Basel City (law of Dec. 16, 1909)— (1912).....	5				
	Canton of Appenzell.....	3				
	Canton of Appenzell (1912).	3				
Italy.	34,700,000 inhabitants; 10,500,000 workmen: (a) 2 cities.....	Savings fund.	795 savers.	About 12,000 lire.		542
	(b) 1 city (1910).....					

III. PUBLIC VOLUNTARY

	Scope.	Societies.	Membership.	Dues.	Benefits.	No. of unemployed.
Switzerland.	Canton of Basel City (law of Dec. 16, 1909) (1912).	Unemploy- ment fund.	1,214	9,494 fr.	34,512 fr. ¹	605 (563) ²
	City of Berne (1912).....	Unemploy- ment fund.	636	8,773 fr.	19,130 fr.	321
	Canton of Berne.....	Unemployment fund for the watch and clock industry in Berne Jura (founda- tion which has not yet begun activity).				

¹ Number of unemployed, and number of days of unemployment, for which communal subsidy was paid.² Individual savers.

OUTSIDE OF GERMANY—Continued.

WITH PUBLIC SUBSIDY, BUT WITHOUT LEGAL REGULATION—Continued.

Subsidies.		Days of unemployment (with compensation).	Expenses of administration.	Remarks.	
Community.	State.				
	24,911 fr. 49,530 fr.			State and Provinces subsidize some of the communal unemployment funds. Besides the five Provinces under (b), another Province voted a credit of 2,500 francs, but did not pay it.	Belgium.
124,157 fr.		226,099 (203,896) ¹	19,448 fr.	Under (c) subsidies are paid to those receiving aid from industrial unions.	
12,546 fr.		11,797 (9,145) ¹		Under (d) subsidies are paid directly to the industrial unions.	
299 fr. 393 fr.		481 522		Headings (e) and (f) do not include communities giving subsidies to individual savers and savings organizations, which come under (c) and (d).	
147,335 fr.	74,741 fr.			These figures account for about 252,000 workmen organized in industrial unions.	
Total, 222,126 fr.					
	2,000 fr. 476 fr.			Besides the cantons specified in the first column, Zurich and Thurgau granted small subsidies to an industrial union fund in 1911.	Switzerland.
				Subsidy of 50 per cent of benefit.	
	1,953 fr. 2,343 fr.	(For 2,484 days of unemployment).		Subsidy of 60 per cent of benefit.	
	3,412 fr. Credit: 2,000 fr.			Subsidy of 40 to 50 per cent of benefit.	
	1,601 fr.			Subsidy of 50 per cent of benefit.	
Interest on 300,000 lire.		8,977 (1909)		Subsidies are also paid under the Ghent system by a private foundation in Milan (Societa Umantaria).	Italy.

UNEMPLOYMENT FUNDS.

Subsidies.		Days of unemployment (compensated).	Expenses of administration.	Remarks.	
Community.	State.				
	27,000 fr.				Switzerland.
12,000 fr.					
	Lottery granted; subsidy of 5,000 fr. under consideration.				

¹Also subsidies from a voluntary aid fund: 420 fr.²Persons receiving per diem benefits for 15,407.5 days.

B. COMMUNAL UNEMPLOYMENT

IV.—SUBSIDIES TO

	City and year of installation of system.	Year of report.	Requirements for payment of subsidy.			Amount and duration of subsidy.		
			Classes of working-men excluded.	Period of residence required.	Waiting period.	In proportion to society benefit.	Maximum per day.	Maximum duration per year.
Prussia.	Berlin-Schöneberg, 1910..	1912	.....	1 year.	Maximum, 7 days.	50%	1 mark.	60 days.
Bavaria.	Erlangen, 1909.....	1912	Unskilled.	3 years.	7 days.	50%	0.60 m.	6 weeks.
	Kaiserslautern, 1913.....		.....			To be determined monthly.	0.60 m.	60 days.
Württemberg.	Stuttgart, 1912.....	6 months, Oct. 1, 1912, to Mar. 31, 1913.	.....	1 year.	As in industrial society.	50%; with children, 5%-25% more.	1 m.; with children, 1.50 m.	As in industrial society.
	Feuerbach, 1913.....		.....	1 year.	As in industrial society.	As in Stuttgart.	As in Stuttgart.	As in industrial society.
	Schwäbisch Gmünd, 1911 (entered into force Apr. 1, 1913).		Occupationally and physically suited for employment on public work.	2 years.	.....	Unmarried: 0.40 m. Married: 0.50-0.60 m. Maximum 50%		6 weeks.
	Esslingen, 1913 (entered into force Oct. 15, 1913).		.....	1 year.	As in industrial society.	50%	1 m.	As in industrial society.
Baden.	Freiburg i. B., 1910.....	1912	Occupationally and physically suited for employment on public work.	1 year.	5 days.	50%	1 m.	40 days.
	Mannheim, 1913 (entered into force July 1, 1913).		.....	1 year.	As in industrial society.	0.70 m.; for each child, 0.10 m. more.	1 m.	60 days.
Hessen.	Offenbach a. M., 1913....		.....	1 year.	5 days.	Unmarried: 0.50 m. Married: 0.70 m. For each child, 0.15 m. more.	1.30 m.	78 days.

INSURANCE IN THE GERMAN EMPIRE.

INDUSTRIAL SOCIETIES.

Industrial societies affected.		Benefits paid.			Community subsidy, in marks.	Remarks.	
Number of societies (local administrations).	Membership.	Number of unemployed receiving benefit.	Number of days for which compensation was paid.	Amount of benefit, in marks.			
59	.....	620	15,770	.....	12,631	Subsidies are also paid to individual savers; cf. V. Noncontributory benefit to noninsured unemployed in form of meal tickets.	Prussia.
18	.....	73	1,797	.....	1,033	As regards Kaiserslautern insurance fund, cf. VI.	Bavaria.
					5,000 (also subsidy for insurance fund).		
44	.....	776	36,568 (incl. savers).	66,022 (incl. withdrawals by savers).	Annual grant, 10,000; 9,746 paid out (incl. payments to savers).	Stuttgart and Feuerbach: Mutual agreement. For subsidies to savers, cf. V. Schwäbisch Gmünd: As regards insurance fund, cf. VI.	Wurttemberg.
					Annual grant, 1,000 (incl. subsidy to savers).		
					Annual grant, 1,000 (incl. insurance fund).		
10	1,892 (9 societies).	518	7,227	10,291	1,861	Freiburg: For subsidies to savers, cf. V.	Baden.
						Mannheim: Noncontributory benefit to unemployed not members of societies.	
						For subsidies to savers, cf. V.	Hessen.

B. COMMUNAL UNEMPLOYMENT

IV. SUBSIDIES TO

	City and year of installation of system.	Year of report.	Requirements for payment of subsidy.			Amount and duration of subsidy.		
			Classes of working-men excluded.	Period of residence required.	Waiting period.	In proportion to society benefit.	Maximum per day.	Maximum duration per year.
Alsace-Lorraine.	Strassburg, 1907.....	1911-1912	.....	1 year.	As in industrial society.	50%	1 m.	As in industrial society.
	Illkirch-Grafenstaden, 1910.	1912	As in Strassburg.					
	Schiltigheim.....							
	Bischheim.....							
	Mülhausen, 1909.....	1911	.....	1 year.	As in industrial society.	70% families, 86%	1 m.	As in industrial society.
	Amendments, 1913.....		.....	1 year.	As in industrial society.	0.80 m.; families, 1 m.	1 m.	As in industrial society.

¹ Number of cases. The number of individuals receiving benefit was 288.

² Only days for which communal subsidy was paid.

V. SUBSIDIES TO SAVINGS

	City and year of installation of system.	Year of report.	Requirements for payment of subsidy.			Amount and duration of subsidy.		
			Classes of working-men excluded.	Period of residence required.	Waiting period.	In proportion to deposit withdrawn.	Maximum per day.	Maximum per year.
Prussia.	Berlin-Schöneberg, 1910.	1912.	Females.	1 year.	Maximum, 1 week.	50%	1 m.	60 days.
Württemberg.	Stuttgart, 1912.....	6 months, Oct. 1, 1912, to Mar. 31, 1913.	Irregular workers and married female workers.	1 year.	6 days.	50%; with children, 5% to 25% more.	1 m.; with children, 1.50 marks.	50 days. ¹
	Feuerbach, 1913.....		As in Stuttgart.					
Baden.	Freiburg i. B., 1910....	1912.	.....	.....	.....	50%	1 m.	See footnote 2. ¹

¹ Maximum deposit 100 marks.

INSURANCE IN THE GERMAN EMPIRE—Continued.

INDUSTRIAL SOCIETIES—Continued.

Industrial societies affected.		Benefits paid.			Community subsidy, in marks.	Remarks.
Number of societies (local administrations).	Membership.	Number of unemployed receiving benefit.	Number of days for which compensation was paid.	Amount of benefit, in marks.		
36	7,444	627 ¹	7,499 ²	19,961	6,086	Mutual agreement between Strassburg, Illkirch - Grafenstaden, Schiltigheim and Bischheim.
.....	1	36	.....	7.50	
.....	
20	194 ²	2,460 ²	.....	2,316	
.....	Alsace-Lorraine.
.....	

¹ 93 of this number received aid from the city.² Only days for which communal benefit was paid.

SOCIETIES AND INDIVIDUALS.

Recipients of subsidy.			Deposits.		Withdrawals.		Number of days for which compensation was paid.	Community subsidy in marks.	Remarks.
Individual savers.	Savings societies.	Membership.	Number of depositors.	Amount, in marks.	Number of payees.	Amount, in marks.			
172	.....	.....	172	.....	56	.....	987	987	Cl. IV.
22	2	.....	.....	.....	22	See Table IV.		.....	Cl. IV.
.....
.....	.....	.....	.....	.....	8	.....	133	66.50	.....

² Maximum deposit 40 marks.

B. COMMUNAL UNEMPLOYMENT

VI. PUBLIC VOLUNTARY

	City and year of installation of system.	Year of report.	Requirements for payment of subsidy.				Member-ship (risk) classes.	Weekly dues, in pfennings.	
			Classes of workmen ex-cluded.	Period of residence required.	Waiting period before right to obtain benefit.	Waiting period after beginning of unemployment.		Insured.	Rein-sured.
Prussia.	Co'ogne, 1896, entirely trans-formed in 1911.	July 1, 1912, to June 30, 1913.	Workmen with max-imum average daily wage of 2.50 M.; home workers.	Insured, 13 weeks; reinsured, 1 year.	52 weekly pay-ments.	6 days.	3 (I-III).	Schedule A B I 15 20 II 20 30 III 45 60 Higher rates for members above age 60.	4 10 30
Bavaria.	Kaiserslautern, 1912 (entered into force April 1, 1913).	.....	Married females.	.....	52 weekly pay-ments.	7 days.	4 (I-IV).	Un- Mar- married. ried. I 20 30 II 32 48 III 48 72 IV 60 90 Initiation fee. 50pf.	
Wurttemberg.	Schwäbisch Gmünd 1911 (entered into force April 1, 1912).	.....	Persons occupa-tionally and phys-ically suited for employ-ment on public works; married females.	1 year.	52 weekly pay-ments.	7 days.	2 (I-II).	Un- Mar- married. ried. I 20 30 II 35 52 Initiation fee, 50 pf.	

INSURANCE IN THE GERMAN EMPIRE—Continued.

UNEMPLOYMENT INSURANCE FUNDS.

Amount and duration of subsidy.		Number of insured.			Dues in marks.		Benefits in marks.			Remarks.	
Amount per day in marks.	Maximum duration per year.	Individually insured.	Reinsured societies.	Membership.	Individually insured.	Societies.	Individually insured.	Societies.	Community subsidy, in marks.		
Insured: First 20 days 1.50, Next 40 days 0.75 A 1.50 0.75 B 2. 001.00 Reinsured: 0.75 to 1.50, according to number of weekly payments made; maximum, 60 times these rates.		Maximum 189; 38 dropped because of non-payment; remainder 151.	25	11,105	5,124	19,170	6,002	23,798	60,377	Benefit paid to 14 individually insured, 2,121 reinsured. Compensation paid for 472 days of unemployment to individually insured; for 31,731 days to re-insured.	Prussia.
Unmarried, 0.80; married, 1.20.	60 days								See Table IV.	For subsidies to industrial societies, cf. IV.	Bavaria.
Unmarried, 0.50; married, 0.75.	6 weeks.								See Table IV.	For subsidies to industrial societies, cf. IV.	Wurttemberg.

APPENDIX E.

SOCIAL BENEFITS PROVIDED BY TRADE-UNIONS.

Owing to the limited time in which the following data were secured, they are representative in character and do not show all of the benefits provided by the Unions included in the list nor the benefits of all unions which have established them. It must be held in mind that many of the local unions of national and international organizations look after these matters, and the national or international officers have no records of the work done by the local unions.

Bakery and Confectionery Workers International Union of America.—This organization from October 1, 1895, to January 1, 1916, paid sick and death benefits to the amount of \$274,593.89. Unemployed benefits are locally paid during the winter period, averaging \$75,000 annually.

Journeyman Barbers International Union of America.—This organization has paid sick and death benefits as follows:

October, 1901, to September, 1904.....	\$100,850.92
November, 1904, to September, 1909.....	270,716.21
October, 1909, to September, 1914.....	360,424.45
September, 1914, to February, 1916.....	128,710.30
Total.....	860,701.88

International Boiler Makers and Iron Ship Builders and Helpers of America.—This organization has paid death benefits to the amount of \$15,800.

International Brotherhood of Bookbinders.—From April, 1914, to March, 1916, this organization paid death benefits to the amount of \$10,650.

Boot and Shoe Workers' Union.—From March 1, 1900, to June 1, 1915, this organization paid sick, disability, and death benefits to the amount of \$1,246,993.02. The local unions paid approximately \$200,000 for these benefits.

International Brick, Tile, and Terra-Cotta Workers' Alliance.—This organization has paid death benefits to the amount of \$2,700.

United Brotherhood of Carpenters and Joiners of America.—This organization had paid sick benefits to the amount of \$2,500,000; strike and lockout benefits to the amount of \$1,272,697.91, and disability and death benefits to the amount of \$3,697,650.61.

Benefits paid by the Cigarmakers' International Union of America in 86 years and 2 months.

Year.	Loans to traveling members.	Strike benefit.		Sick benefit.		Death and total disability benefit.	
		Amount.	Cost per member per year.	Amount.	Cost per member per year.	Amount.	Cost per member per year.
1878 ¹							
1879		\$3,668.23	\$1.344				
1880	\$2,808.15	4,950.36	1.114				
1881 ²	12,747.09	21,797.68	1.492	\$3,987.73	\$0.273	\$75.00	\$0.006
1882 ³	20,386.64	44,850.41	3.923	17,145.28	1.50	1,674.25	.146
1883	37,135.20	27,812.13	2.103	22,250.56	1.683	2,680.00	.203
1884	39,632.06	143,547.36	12.623	31,551.50	2.774	3,920.00	.344
1885	26,683.54	61,087.28	5.09	26,397.89	2.449	4,214.00	.351
1886	31,835.71	54,402.61	2.20	42,225.89	1.711	4,820.00	.196
1887	49,281.04	13,871.62	6.74	63,900.88	3.108	8,850.00	.43
1888	42,804.75	45,303.62	2.664	58,824.19	3.40	21,319.75	1.232
1889	43,540.44	5,202.52	.296	59,519.94	3.297	19,175.50	1.062
1890 ⁴	37,914.72	18,414.27	.747	64,060.47	2.552	26,043.00	1.027
1891	53,535.73	33,531.78	1.384	87,472.97	3.407	38,068.35	1.512
1892	47,732.47	37,477.60	1.404	89,906.30	3.221	44,701.97	1.601
1893	60,475.11	18,228.15	.68	104,391.83	3.688	49,458.33	1.747
1894	42,154.17	44,966.76	1.616	106,758.37	3.64	62,158.77	2.119
1895	41,657.16	44,039.06	1.586	112,567.06	3.828	66,725.98	2.271
1896	33,076.22	27,446.46	1.004	109,288.62	3.741	78,768.09	2.698
1897 ⁵	29,067.04	12,175.09	.46	112,774.63	3.999	60,186.67	2.442
1898	25,237.43	25,118.59	.942	111,283.60	3.903	94,133.83	3.306
1899	24,234.33	12,381.63	.42	107,785.07	3.449	98,993.83	3.134
1900	33,238.13	137,822.23	3.962	117,455.84	3.214	98,291.00	2.642
1901	44,652.73	105,215.71	3.02	134,614.11	3.654	138,456.38	3.672
1902	45,314.06	85,274.14	2.236	137,493.45	3.474	128,447.63	3.115
1903	52,521.41	20,858.15	.513	147,664.56	3.427	138,975.91	3.14
1904	58,728.71	32,888.88	.766	163,226.18	3.592	151,752.93	3.241
1905	55,293.93	9,820.83	.237	165,917.80	3.739	162,818.82	3.564
1906	50,650.21	44,735.43	1.102	162,966.82	3.696	185,514.17	4.084
1907	50,063.86	22,644.68	.523	173,505.67	3.728	207,558.87	4.828
1908	46,613.44	32,423.39	.779	184,756.09	4.026	220,979.71	4.689
1909	41,589.34	19,999.58	.438	186,983.28	3.715	238,284.47	4.628
1910	39,828.77	221,044.70	4.902	189,438.59	3.777	226,717.53	4.407
1911	38,543.47	47,671.20	1.10	201,296.03	4.132	251,677.41	5.036
1912	33,113.10	12,646.87	.304	204,776.61	4.336	261,910.21	5.405
1913	45,264.82	8,877.02	.214	196,883.66	4.157	280,555.62	5.77
1914	51,077.15	50,898.50	1.235	207,579.62	4.364	279,746.15	5.763
1915	42,266.70	9,947.56	.253	210,427.67	4.60	278,509.64	5.94
Total	1,430,788.94	1,562,993.08		4,119,806.18		3,945,970.77	

¹ The weekly dues were 10 cents.

² The weekly dues were 15 cents.

³ The weekly dues were 20 cents.

⁴ The weekly dues were 25 cents.

⁵ The weekly dues were 30 cents.

Benefits paid by the Cigarmakers' International Union of America in 36 years and 2 months—Continued.

Year.	Out of work benefit.		Total cost per member per year for all benefits.	30-cent contributing members.	20-cent beneficiary retired members.	10 and 15 cents dues paying members.	Balance at close of fiscal year.
	Amount.	Cost per member per year.					
1878 ¹							\$124.55
1879			\$1.344	2,729			5,066.22
1880			1.114	4,440			11,155.62
1881 ²			1.77	14,604			37,740.79
1882 ³			5.569	11,430			77,506.29
1883			3.99	13,214			126,783.30
1884			15.741	11,371			70,078.73
1885			7.889	12,000			85,511.46
1886			4.106	24,672			172,813.25
1887			4.212	20,560			227,228.24
1888			7.206	17,133		188	239,190.53
1889			4.655	17,555		496	285,136.54
1890 ⁴	\$22,760.50	\$0.924	5.25	24,624		713	383,072.87
1891	21,223.50	.876	7.179	24,221		957	421,950.06
1892	17,460.75	.654	6.86	26,678	1,229		503,829.20
1893	89,402.75	3.337	9.452	26,788	1,518		456,782.13
1894	174,517.25	6.271	13.646	27,828	1,497		340,788.66
1895	166,377.25	5.993	13.678	27,760	1,644		236,213.05
1896	175,767.25	6.434	13.877	27,318	1,873		177,033.12
1897 ⁵	117,471.40	4.46	11.361	26,347	1,859	118	194,240.30
1898	70,197.70	2.653	10.804	26,460	2,049	203	227,597.01
1899	38,037.00	1.312	8.315	28,994	2,252	341	292,407.95
1900	23,897.00	.708	10.541	33,955	2,554	652	314,806.24
1901	27,083.76	.797	11.143	33,974	2,863	860	321,124.33
1902	21,071.00	.569	9.394	37,023	3,105	1,103	361,511.29
1903	15,558.00	.395	7.475	39,301	3,605	1,343	495,117.91
1904	29,872.50	.719	8.318	41,536	3,904	1,390	589,234.20
1905	35,168.50	.877	8.417	40,075	4,297	1,312	688,679.13
1906	23,911.00	.609	9.491	39,250	4,828	1,340	714,506.14
1907	19,497.50	.471	9.05	41,337	5,266	1,350	775,305.85
1908	101,483.50	2.514	12.008	40,354	5,535	1,231	705,960.75
1909	78,107.25	1.713	10.494	44,414	5,908	1,155	672,184.39
1910	39,917.00	.91	13.996	43,837	6,314	1,291	499,426.98
1911	36,942.50	.877	11.145	42,107	6,608	1,257	443,384.62
1912	42,911.05	1.062	11.107	40,373	6,846	1,238	399,474.52
1913	31,898.71	.793	10.934	40,180	7,167	1,273	414,037.45
1914	68,198.00	1.704	13.085	40,001	7,344	1,205	319,834.75
1915	122,954.00	3.231	14.024	38,044	7,602	1,150	240,791.97
Total	1,609,686.62						

¹ The weekly dues were 10 cents.
² The weekly dues were 15 cents.
³ The weekly dues were 20 cents.

⁴ The weekly dues were 25 cents.
⁵ The weekly dues were 30 cents.

Total benefits paid during 1915, excluding loans, \$621,839.07. Total benefits paid in 36 years and 2 months, including loans, \$12,669,254.49.

The foregoing table is one of the most complete historical résumés of the financial transactions of the International Union ever issued. It presents a bird's-eye view of the benefits paid, the cost per member per year, and the cost per member for the given number of years, and the balance on hand at the end of each fiscal year. For instance, in the payment of out-of-work benefit the amounts fluctuate according to the state of trade. The highest cost per member per year for out-of-work benefit was \$6.434 in 1896, and the lowest cost per member per year was 39½ cents in 1903.

The out-of-work benefit has been paid for a period of 26 years, commencing January 1, 1890, and the average cost per member per year for the first 10 years was \$3.291. This is instructive information, as the 10 years in question were about equally divided between periods of normal trade condition and industrial stagnation. The average cost per member per year for the 26 years in which the benefit has been in operation was \$1.955.

The 15-cent-dues-paying members receive strike and not more than \$50 death benefit. The 20-cent beneficiary retired members receive sick and death benefits, hence both are included when figuring the cost per member per year in the payment of benefits in which they participate, although in the tables they are given separate columns of membership and affiliation.

NOTE.—The following explains the different kinds, periods, and amount of benefits paid:

Loans: One-year members are entitled to a loan for transportation to the nearest union in whatever direction he or she desires to travel; but in no wise shall the loan exceed in the aggregate \$20.

Strike benefit: For the first 16 weeks \$5 per week is paid, and \$3 per week until the strike or lockout shall have terminated.

Sick benefit is \$5 per week, provided such sickness or inability shall have been for at least one week or seven days, but no member shall be entitled to any sick benefit for a longer period than 13 weeks in any one year.

Death and disability benefits: These benefits are graduated and are as follows: A member who shall have been such for two years, the sum of \$50 is paid toward defraying funeral expenses. Including the said \$50 funeral expenses, the International Union pays upon the death of a member the following sums: (1) If the member has been such for at least five consecutive years, a sum of \$200. (2) If the member shall have been such for at least 10 years, \$350. (3) If the member has been such for at least 15 consecutive years, \$550. The total disability benefit was adopted in 1902. This benefit is paid direct to the applicant or guardian, and is the same amount as in the case of death, less \$50, which is retained and paid toward defraying funeral expenses at time of death. A benefit of \$40 is paid in the event of the death of a wife or widowed mother of a member.

Out-of-work benefit: Any member having paid weekly dues for a period of two years is entitled to an out-of-work benefit of \$3 per week, and 50 cents for each additional day. No benefit is paid for the first one week after a member was discharged from employment or laid off. Any member receiving benefit for six weeks is not entitled to any benefit for seven weeks thereafter, and no member shall receive more than \$54 during the period of one year.

No physical examination of applicants for membership is required.

Coopers' International Union.—From 1890 to August, 1915, this organization paid sick benefits to the amount of \$12,400. From 1909 to August, 1915, it paid death benefits to the amount of \$20,000.

International Union of Cutting Die and Cutter Makers.—This organization has paid during the past seven years \$3,800 in death benefits.

International Photo-Engravers' Union of North America.—This association only pays sick benefits to members afflicted with tuberculosis. From January 1, 1909, to April 1, 1916, they paid \$51,429.65 for these benefits. The locals of this union since November, 1914, have paid approximately \$100,000 for unemployment benefits. From January 1, 1903, to April 1, 1916, this international union has paid \$24,460 for death benefits; the locals since 1906 have paid \$5,000 in death benefits.

International Brotherhood of Foundry Employees.—From April, 1905, to January, 1916, this organization and its local unions paid sick benefits to the amount of \$21,860. From April, 1905, to January, 1916, \$7,750 in death benefits were paid by the organization and its local unions.

Glass Bottle Blowers' Association.—The locals of this association pay \$8 per week as sick benefits. The unemployment benefits paid by this association in 1908 were \$325,000; in 1914 they were \$70,000. The death benefits from September, 1891, to April 1, 1916, were \$902,000.

The Granite Cutters' International Association of America.—This association paid death benefits from March, 1877, to April 1, 1916, amounting to \$431,931.04.

United Cloth Hat and Cap Makers of North America.—This organization has paid sick benefits from May, 1912, to May, 1915, to the amount of \$9,661. During the winter of 1913 and 1914 some of the local unions paid unemployment benefits amounting to \$6,964.

International Hod Carriers Building and Common Laborers Union of America.—This organization has paid from January 7, 1907, up to April 15, 1916, death benefits to the amount of \$45,775. During the year 1915 they paid \$9,900.

Hotel and Restaurant Employees' International Alliance and Barkeepers' International League of America.—The following figures cover the periods indicated:

Paid out in sick benefits:

May, 1900, to Apr. 30, 1901 (21 out of 182 locals).....	\$3, 209. 00
May, 1901, to Apr. 30, 1902 (33 out of 309 locals).....	4, 768. 50
May, 1902, to Apr. 30, 1903 (56 out of 518 locals).....	9, 592. 51
May, 1903, to Apr. 30, 1904 (102 out of 659 locals).....	21, 561. 95

Paid out in sick benefits—Continued.

May, 1904, to Apr. 30, 1905 (84 out of 567 locals).....	\$17,438.20
May, 1905, to Apr. 30, 1907, two years (130 out of 554 locals)...	48,428.97
May, 1907, to Dec. 31, 1908 (225 out of 499 locals).....	68,738.83
Jan., 1909, to Dec. 31, 1910 (205 out of 481 locals).....	68,691.50
Jan., 1911, to Dec. 31, 1912 (309 out of 541 locals).....	109,116.97
Jan., 1913, to Dec. 31, 1913, one year (285 out of 592 locals)....	74,423.32
Jan., 1914, to Dec. 31, 1914, one year (336 out of 596 locals)....	96,421.53

Making a total for the period of \$522,407.30 which was paid from the sick benefit funds of local unions. The international law does not provide for an international sick benefit; it does provide for death benefit, and has paid out from February 1, 1903, to February 29, 1916, the sum of \$344,100, which means that 6,882 death benefit claims have been allowed and paid. Six months' continuous good standing and current month due stamp at time of demise is the requirement. No health examination required to become a member.

Local unions paid additional benefits as follows:

May, 1900, to April 30, 1901 (24 out of 182 locals).....	\$2,416.00
May, 1901, to Apr. 30, 1902 (83 out of 309 locals).....	7,178.00
May, 1902, to Apr. 30, 1903 (27 out of 518 locals).....	5,234.25
May, 1903, to Apr. 30, 1904 (63 out of 659 locals).....	10,505.00
May, 1904, to Apr. 30, 1905 (49 out of 567 locals).....	7,248.80
May, 1905, to Apr., 1907 (97 out of 554 locals).....	21,574.07
May, 1907, to Dec. 31, 1908 (164 out of 499 locals).....	82,294.72
Jan., 1909, to Dec. 31, 1910 (154 out of 481 locals).....	28,131.55
Jan., 1911, to Dec. 31, 1912 (202 out of 541 locals).....	86,808.12
Jan., 1913, to Dec. 31, 1913 (165 out of 592 locals).....	29,005.40
Jan., 1914, to Dec. 31, 1914 (202 out of 596 locals).....	29,295.97

Death benefit payments paid by local unions.....	209,691.88
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Death benefits by international union.....	344,100.00
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553,791.88

No unemployed benefits either in the international or affiliated locals. Locals pay no benefit on account of wives or dependents. Paid out of the defense fund from August 1, 1904, to February 29, 1916, the sum of \$180,409.98.

Amalgamated Association of Iron, Steel, and Tin Workers of North America.—This organization has paid the following benefits from April 1, 1915, to and including March 31, 1916: Sick benefits, \$17,285; death benefits, \$7,250; death benefits of members' wives, \$1,200.

Amalgamated Lace Operatives of America.—From June, 1914, to December, 1915, this organization paid \$3,500 for unemployed benefits. From January 1, 1914, to January 1, 1916, it paid \$6,075 in death benefits, and for the same period paid death benefits for members' wives and other dependents to the sum of \$675.

Wood, Wire, and Metal Lathers International Union.—This organization has paid death benefits to the amount of \$68,754.41.

Laundry Workers International Union.—During the year 1915 paid unemployment benefits to the amount of \$280. The local unions of this international paid during the year 1915 death benefits to the amount of \$1,250.

United Brotherhood of Leather Workers on Horse Goods.—From January 1, 1904, to July 1, 1915, this organization paid sick benefits to the amount of \$84,548; and death benefits to the amount of \$25,257.

Amalgamated Lithographers of America.—This association pays death benefits from the national treasury and these benefits vary from \$50 to \$500, according to the length of the membership of a deceased brother. They have paid upon claims against the mortuary fund of this association in the past three years and three months the sum of \$28,620, on approximately 66 death claims. The payments by the locals of this association to members who are sick and members who are unemployed have been very largely in excess of the above sum.

International Brotherhood of Maintenance of Way Employees.—This organization from November 1, 1892, to September 1, 1913, paid \$218,267.96 in death benefits.

Amalgamated Meat Cutters and Butcher Workmen of North America.—This organization paid unemployed benefits from January, 1910, to April 1, 1916,

\$23,49. In 1905 they inaugurated a death benefit and from January of that year to April 1, 1916, they paid \$23,850 for these benefits. Nearly all of the local unions have sick benefits ranging from \$3 to \$8 per week.

United Mine Workers of America.—This organization during the past year spent \$1,259,515.75 in strike benefits. Many of the districts affiliated with their international union pay benefits to their members in case of sickness and to the dependents of the deceased employees.

International Molders' Union of North America.—This organization, since its inception up to December 31, 1915, has paid the following benefits: Strike benefits, \$4,766,224; death benefits, \$1,003,687; disability benefits, \$115,900; sick benefits, \$2,661,192.45; out-of-work benefits, \$348,198.25.

Pattern Makers' League of North America.—This organization paid unemployed benefits from 1909 to 1915 to the amount of \$48,663. From 1898 to 1915 they paid in sick and death benefits \$117,315.07.

International Paving Cutters' Union of the United States of America and Canada.—From January 1, 1903, to March 31, 1916, this organization paid unemployment benefits to the amount of \$45,986 and death benefits to the amount of \$20,250.

Operative Plasterers' and Cement Finishers' International Association.—This organization paid death benefits from November 1, 1896, to October, 1915, to the amount of \$209,397.50. From September, 1914, to October 1, 1915, they paid \$36,500 in death benefits.

Metal Polishers, Buffers, Platers, Brass and Silver Workers Union of North America.—This organization pays death benefits on a graduated membership. For the first year they pay \$50, second year \$100, third year \$125, fourth year \$150, fifth year \$175, sixth year \$200.

National Brotherhood of Operative Potters.—This organization has paid death benefits from August 17, 1910, to March 31, 1916, to the amount of \$40,725.

National Print Cutters' Association of America.—This association paid \$7,650 in death benefits from September 1, 1906, to April 1, 1916, for 43 members who died.

National Association of Machine Printers and Color Mixers of the United States.—During the year 1912 this organization paid strike benefits amounting to \$5,000. From April 12, 1912, to August, 1915, they paid \$5,400 in death benefits; \$200 for each death benefit.

International Printing Pressmen and Assistants' Union of North America.—This organization paid death benefits from June 1, 1914, to June 1, 1915, to the amount of \$16,208.49.

Amalgamated Association of Street and Electric Railway Employees of America.—This association paid death and disability benefits during the year 1915 of \$210,988.88. The local unions paid sick benefits during the year 1915 to the amount of \$88,303.97; death and disability benefits to the amount of \$79,356.03.

International Slate and Tile Roofers' Union of America.—This international has paid death benefits during the past four years to the amount of \$4,400.

Spinners' International Union.—The local unions of this organization have paid during the last five years for out-of-work benefits \$100,000.

International Stereotypers and Electrotypers' Union.—This organization pays death benefits of \$100 for each member. At the end of the fiscal year, May 31, 1915, they had paid \$5,700 on 57 members.

Journeyman Stonecutters' Association of North America.—The locals of this association paid during the past 10 years \$50,000 in sick benefits. The international association paid during the past 20 years \$224,400 in death benefits.

Stove Mounters' International Union.—This organization paid death benefits from January 1, 1903, to April 1, 1916, to the amount of \$18,500.

Switchmen's Union of North America.—This organization has paid benefits as follows: Sick benefits, \$76,066.85; unemployed benefits, \$40,941.54; death benefits, \$1,641,506.35.

Journeyman Tailors' Union of America.—This organization has paid from July, 1914, to July, 1915, sick benefits to the amount of \$21,180.90; unemployed benefits to the amount of \$6,400; death benefits to the amount of \$12,848.70.

The Order of Railroad Telegraphers.—This organization has paid death benefits to the amount of \$1,164,631.47.

United Textile Workers of America.—During the last six years this organization has paid \$18,000 in death benefits.

Tobacco Workers' International Union.—This international has paid up to the end of the year 1915 \$122,875 in sick benefits. For death benefits for the same period of time it has paid \$23,000.

International Steel Plate Transferrers' Association of America.—During the year 1915-16 this organization paid unemployment benefits to the amount of \$200.

Travelers' Goods and Leather Novelty Workers' International Union.—This organization has paid death benefits to the amount of \$4,000. The local unions have paid \$2,750 in death benefits.

International Typographical Union.—From August 1, 1908, to May 31, 1915, this organization paid old-age pensions to the amount of \$974,094; from October 1, 1892, to May 31, 1915, it paid \$1,175,585.75 in death benefits. Erection and maintenance Union Printers' Home for Aged, Infirm, and Sick Members, \$1,333,564.02.

International Shingle Weavers' Union of America.—This organization pays strike and lockout benefits \$3 a week for single men and \$5 a week for married men.

Woodcarvers' International Association of North America.—From 1890 to January 1, 1916, this organization has paid death benefits to the amount of \$70,550. The local unions of this organization from 1911 to January 1, 1916, paid \$4,070.74 for sick and death benefits.

Order of Railway Conductors.—The Order of Railway Conductors maintains an insurance department. Insurance is compulsory, the members having the option to select the class of insurance which they will carry.

Certificates are issued as follows: Series A, \$1,000, assessment \$2 per month; Series AA, \$1,500, assessment \$3 per month; Series B, \$2,000, assessment \$4 per month; Series C, \$3,000, assessment \$6 per month. Formerly certificates for \$4,000 and \$5,000 were also issued.

The insurance is paid for death from any cause and the following disabilities: Loss of one or both hands, one or both feet, total loss of sight, total loss of hearing.

Since the formation of the order, in 1868, to April 1, 1916, there was paid on account of disability and death, \$18,838,067. During the year 1915 claims paid by series was as follows:

	Number.	Amount.
Series A, \$1,000 each.....	197	\$197,000
Series AA, \$1,500 each.....	2	3,000
Series B, \$2,000 each.....	255	510,000
Series C, \$3,000 each.....	146	438,000
Series D, \$4,000 each.....	8	32,000
Total.....	608	1,180,000

Certificates in force December 31, 1915, were as follows:

	Number.	Amount.
Series A, \$1,000 each.....	14,826	\$14,826,000
Series AA, \$1,500 each.....	349	523,500
Series B, \$2,000 each.....	20,395	40,790,000
Series C, \$3,000 each.....	9,094	27,282,000
Series D, \$4,000 each.....	317	1,268,000
Series E, \$5,000 each.....	49	245,000
Total.....	45,030	\$4,934,500

The order maintains, in addition to the insurance, a relief fund for the needful assistance of aged and disabled members. A yearly assessment of \$3 is made against each member of the order for this fund. Payments are made, after examination of the applicant by an officer of the order, and approval of the recommendation by the board, to any member who has become incapable of performing his duties. The maximum that may be paid is \$50 per month, the policy being to allow the beneficiary a sufficient amount to bring his income from the fund and other sources to \$50 per month.

There are 538 members of the order now receiving monthly assistance from the relief fund. During the month of April, 1916, \$14,515.83 was paid to members from this fund. Since the adoption of the law making it possible to care for those who are eligible to receive this assistance, in 1901, there has been paid \$1,170,109.42 from this fund.

The order also takes care of the wives of insane members, and from July 1, 1903, to March 1, 1916, \$16,519 was paid on this account. This money is taken from the general fund, which accrues from annual dues of \$2 per year paid by each member of the order.

Brotherhood of Locomotive Engineers.—The Brotherhood of Locomotive Engineers maintains as a distinct department of the organization a life and accident insurance association. The Brotherhood has also established a pension association, and also pays indigent benefits and contributes to the maintenance of the Home for Old and Disabled Railroad Employees at Highland Park, Ill.

There is attached copy of the Report and Financial Statement of the Locomotive Engineers' Mutual Life & Accident Insurance Association and Accident & Indemnity Insurance, December 31, 1915; copy of a statement concerning the protection offered by the pension association, and copies of the April 1, 1916, statements of the insurance, indemnity insurance, and relief fund.

For the 10-year period, January 1, 1905, to December 31, 1914, the Brotherhood paid out for claims incurred by accidental deaths as a result of injuries while in service as engineer, \$4,860,000. This was in addition to payments on account of natural death. For blindness, incident to service, there was paid \$845,250; for amputation of one or both legs from accident while on duty, \$604,500; for amputation of one or both arms from accidental injury while on duty, \$264,750. The total for accidents alone, during the 10-year period, was \$6,574,500.

The total amount of insurance in force is nearly \$145,000,000, and over \$33,000,000 has been paid to the beneficiaries of deceased and disabled members.

From the time a member enters the insurance until his insurance is paid, the average term of insured life is 11 years and 7 days.

Report and financial statement Locomotive Engineers' Mutual Life & Accident Insurance Association and Accident & Indemnity Insurance, Cleveland, Ohio, July 1, 1915, to December 31, 1915.

CLEVELAND, OHIO, January 17, 1916.

To the Board of Trustees, Locomotive Engineers' Mutual Life & Accident Insurance Association, Cleveland, Ohio.

GENTLEMEN: In accordance with your instructions transmitted to me under date of July 29, 1915, by your president, Mr. W. E. Futch, I have made a thorough examination of the books and accounts of the Locomotive Engineers' Mutual Life & Accident Insurance Association, and also of the indemnity department for six-months period ending December 31, 1915.

I investigated and verified each report of each insurance secretary and found every item of income accounted for on the books of the association.

The disbursements for general expenses and salaries were compared with the actual receipted invoices and vouchers on file, and I found same to be correct.

I also verified and audited all death, disability, and weekly indemnity claims paid, and the individual receipts from the beneficiaries, which had been obtained and placed on file as evidence of the association's discharge of their obligations, all of which I found correct.

I investigated all bank balances and found them to correspond with the books of the association.

As provided in the by-laws of the association, I find that the president and general secretary-treasurer have each given bond in the sum of \$50,000 in the Fidelity & Deposit Co., of Maryland, and also find that the insurance secretaries are properly bonded as the law provides.

At the last board of trustees' meeting, held at Cleveland, Ohio, on July 28, 1915, the president and general secretary-treasurer were instructed to deposit with Southern Bank & Trust Co., of Valdosta, Ga., an amount not to exceed \$500,000 at 5 per cent interest per annum and they furnish satisfactory bond.

I find that the Southern Bank & Trust Co. have furnished a bond for \$400,000 in the United States Fidelity & Guaranty Co. I also find that the Southern Bank & Trust Co. have not furnished additional bond for amount over \$400,000, and all further accumulations of 10 per cent are being deposited in the Guardian Savings & Trust Co., of Cleveland, Ohio, as per resolution passed by board of trustees under date of July 28, 1915.

Date.	No.	Death.	Disability.	Total.
July 6.	362 N	\$3,000.00		
Do	373 N	1,500.00		
Do	394-401 N	9,000.00	\$7,500.00	
July 8.	271 N	166.44		
Do	357 N	1,000.00		
Do	389 N	1,500.00		
Do	402-409 N	11,250.00	750.00	
July 13	375 N	1,500.00		
Do	410-414 N	9,750.00	4,500.00	
July 17.	415-427 N	31,500.00	3,000.00	
				\$135,416.44

MORTUARY FUND CLAIMS PAID—Continued.

Date.	No.	Death.	Disability.	Total.
July 22.....	267 N	\$1,500.00		
Do.....	428 N	1,500.00		
Do.....	430 N	1,500.00		
Do.....	436 N	4,500.00		
Do.....	438-442 N	9,000.00		
Do.....	445 N	3,000.00		
Do.....	447 N		\$1,500.00	
July 26.....	372 N	1,500.00		
Do.....	432-433 N	4,500.00		
Do.....	448-456 N	19,800.00	1,500.00	
Aug. 4.....	431 N	1,500.00		
Do.....	435 N	3,000.00		
Do.....	443 N	1,500.00		
Do.....	444 N	3,000.00		
Do.....	456-462 N	10,500.00		
Do.....	464 N	1,500.00		
Aug. 6.....	465-471 N	15,000.00	4,500.00	
Aug. 11.....	162 N	2,640.00		
Do.....	366 N	1,500.00		
Do.....	472-478 N	15,000.00		
Aug. 13.....	434 N	4,453.70		
Do.....	446 N	1,500.00		
Do.....	470-487 N	13,500.00	3,000.00	
Aug. 21.....	271 N	170.44		
Do.....	365 N	1,500.00		
Do.....	494 N	1,500.00		
Do.....	497-499 N	7,500.00		
Do.....	501-503 N	6,000.00		
Do.....	505-511 N	13,500.00		
Do.....	513-514 N	3,000.00		
Aug. 26.....	490-491 N	3,428.58		
Do.....	495 N	1,500.00		
Do.....	512 N	1,500.00		
Do.....	515-519 N	10,500.00		
Sept. 1.....	520-531 N	23,250.00	1,500.00	
Do.....	496 N	1,500.00		
Sept. 8.....	542 N	3,000.00		
Sept. 10.....	271 N	166.45		
Do.....	490 N	1,928.56		
Do.....	504 N	3,000.00		
Do.....	532-541 N	21,000.00		
Do.....	543-552 N	26,250.00		
Do.....	553 N	1,513.00		
Do.....	554-555 N	4,500.00		
Sept. 18.....	437 N	3,000.00		
Do.....	493 N	1,500.00		
Do.....	556-569 N	31,500.00		
Sept. 23.....	492 N	1,500.00		
Do.....	557 N	3,000.00		
Do.....	579-584 N	12,000.00		
Sept. 29.....	429 N	1,500.00		
Do.....	500 N	750.00		
Do.....	553 N	2,987.00		
Do.....	572 N	1,500.00		
Do.....	575 N	3,000.00		
Do.....	585-593 N	24,000.00		
Oct. 5.....	576 N	3,000.00		
Do.....	594-605 N	19,500.00	6,000.00	
Oct. 8.....	488 N	1,500.00		
Do.....	578 N	3,000.00		
Do.....	606-618 N	31,500.00	3,000.00	
Oct. 14.....	570-571 N	6,000.00		
Do.....	619-626 N	15,000.00		
Oct. 20.....	574 N	1,500.00		
Do.....	632-634 N	7,500.00		
Do.....	637 N	3,000.00		
Do.....	639 N	3,000.00		
Do.....	640 N	3,000.00		
Do.....	642-643 N	4,500.00		
Oct. 23.....	629-631 N	9,000.00		
Do.....	644-654 N	22,500.00	3,000.00	
Oct. 27.....	635 N	1,500.00		
Do.....	638 N	1,500.00		
Do.....	655-659 N	15,000.00		
Nov. 1.....	660-662 N	7,500.00		
Nov. 5.....	255 N	2,500.75		
Do.....	627 N	750.00		
Do.....	663-669 N	18,000.00		
Nov. 9.....	490 N	642.88		
Do.....	670-677 N	15,000.00	3,000.00	

\$135,416.44

132,192.73

173,845.01

163,500.00

132,603.86

MORTUARY FUND CLAIMS PAID—Continued.

Date.	No.	Death.	Disability.	Total.
Nov. 11.....	679-679 N	\$4,500.00	\$132,608.86
Nov. 16.....	680-687 N	21,000.00	.....
Nov. 19.....	688-688 N	6,000.00	\$7,500.00	
Do.....	706-707 N	7,500.00	.....
Nov. 23.....	641 N	3,000.00	.....
Do.....	708-714 N	15,750.00	1,500.00	
Nov. 26.....	6 K	480.25	.....
Do.....	698 N	1,500.00	.....
Do.....	715 N	.....	3,000.00
Do.....	717-723 N	13,800.00	.....
Dec. 2.....	289 M	750.00	202,330.86
Do.....	700 N	1,500.00	.....
Do.....	704 N	1,500.00	.....
Do.....	724-730 N	10,500.00	.....
Dec. 3.....	731-736 N	13,800.00	.....
Dec. 6.....	702 N	1,500.00	.....
Do.....	737-739 N	6,000.00	.....
Dec. 8.....	698 N	1,500.00	.....
Do.....	740-747 N	13,500.00	1,500.00	
Dec. 14.....	703 N	3,000.00	.....
Do.....	748-763 N	33,000.00	1,500.00	
Do.....	489 N	151.52	.....
Dec. 20.....	694 N	3,000.00	.....
Do.....	699 N	3,000.00	.....
Do.....	764-772 N	22,500.00	.....
Do.....	777-778 N	3,000.00	.....
Dec. 21.....	695 N	1,500.00	.....
Dec. 22.....	728 N	1,673.98	.....
Do.....	776 N	3,000.00	.....
Do.....	780-783 N	9,000.00	.....
Dec. 23.....	785-786 N	2,250.00	.....
Dec. 29.....	489 N	1,011.36	.....
Do.....	697 N	1,500.00	.....
Do.....	716 N	1,500.00	.....
Do.....	779 N	1,500.00	.....
Do.....	787-805 N	48,000.00	1,500.00	
Total.....	880,644.80	50,250.00	930,894.80

Relief fund.

RECEIPTS.

Month.	From claims of deceased members.	Refund or claims withdrawn.	Total.
July.....	\$6,100.00	\$25.00	\$6,125.00
August.....	.....	25.00	25.00
October.....	3,965.00	50.00	4,015.00
November.....	1,500.00	25.00	1,525.00
December.....	8,115.00	211.50	8,326.50
Balance on hand July 1, 1915.....	.....	.....	\$9,866.50
Total.....	19,680.00	336.50	\$9,915.00
Interest from July 1, 1915, to Dec. 31, 1915.....	.....	.....	680.83
Total.....	.....	.....	\$9,983.91

CLAIMS PAID.

July 1, 201 claims.....	\$4,357.50	
July 1, 2 claims.....	50.00	
July 21, 1 claim.....	25.00	
July 26, 1 claim.....	800.00	
Aug. 2, 303 claims.....	4,402.50	\$5,232.50
Aug. 4, 1 claim.....	25.00	
Sept. 1, 210 claims.....	4,577.50	4,437.50
Sept. 1, 2 claims.....	115.00	
Sept. 3, 1 claim.....	25.00	
Sept. 4, 1 claim.....	25.00	
Oct. 1, 212 claims.....	4,672.50	\$4,742.50
Oct. 4, 1 claim.....	25.00	
Total.....	.....	4,697.50

Nov. 1, 289 claims.....	34,688.00
Dec. 1, 289 claims.....	34,574.00
Dec. 15, 187 claims.....	4,388.00
Dec. 20, 1 claim.....	25.00
Dec. 22, 3 claims.....	25.00
Total.....	78,620.00

EXPENSE DISBURSEMENTS.

Depository fund.....	\$284.44
Postage, postal, and stamped envelopes.....	42.72
Printing.....	41.30
Office supplies.....	4.30
Total.....	\$372.76
Total.....	32,998.24
Balance on hand Dec. 31, 1915.....	27,625.75
Total.....	60,624.99
On deposit in bank Dec. 31, 1915.....	27,624.16
Cash on hand.....	51.30
Total.....	27,675.46
Amount advanced to 281 members on the relief fund to Dec. 31, 1915.....	328,152.00

Surplus mortuary fund.**RECEIPTS.**

Month.	10 per cent of net mortuary received.	Refund.	Total.
July.....	\$15,354.03		\$15,354.03
August.....	22,551.52		22,551.52
September.....	15,426.65	\$38.35	15,465.00
October.....	15,389.19		15,389.19
November.....	15,494.72		15,494.72
December.....	15,326.06		15,326.06
Balance on hand July 1, 1915.....			333,135.26
Total.....	114,086.17	38.35	448,598.10
Interest from July 1, 1915, to Dec. 31, 1915.....			1,593.61
Total.....			450,191.71

DISBURSEMENTS.

Depository fund.....	\$332.84
Balance on hand Dec. 31, 1915.....	451,358.87
Total.....	451,691.71
On deposit at—	
The Guardian Savings & Trust Co., Cleveland, Ohio.....	66,617.10
Southern Bank & Trust Co., Valdosta, Ga.....	410,633.77
Total.....	451,308.87

Annuity mortuary fund.**RECEIPTS.**

From beneficiary:	
August.....	\$30.00
September.....	45.00
October.....	180.83
November.....	144.54
December.....	520.00
Total.....	940.37
Balance on hand July 1, 1915.....	5,457.72
Total.....	6,398.09
Interest from July 1, 1915, to Dec. 31, 1915.....	108.04
Total.....	6,506.13

SOCIAL INSURANCE AND UNEMPLOYMENT.

DISBURSEMENTS.

Date.	Claim No.	Name.	Claim.	Interest.	Total.
Aug. 4	129M	Catherine Cain.....		\$13.62	\$13.62
Sept. 22	650M	Alice J. Lowrey.....	\$690.00		690.00
Oct. 7	415M	Lora Rowley.....		20.00	20.00
Nov. 1	129M	Catherine Cain.....	500.00		
Nov. 23	570L	Thelma J. Calder.....		119.79	619.79
Dec. 9	129M	Catherine Cain.....	20.00		
Dec. 15	129M	do.....	20.00		40.00
Total.....			1,230.00	153.41	1,383.41
Balance on hand Dec. 31, 1915.....					5,123.72
Total.....					6,507.13

Claim.	Division.	Claimant.	Beneficiary.	Amount.
129M	360	M. E. Cain.....	Catherine Cain.....	\$1,488.21
570L	578	George Calder.....	Thelma J. Calder.....	1,233.87
223M	47	C. A. Holmes.....	Mary Holmes.....	864.28
650M	31	Wm. H. Lowrey.....	Alice J. Lowrey.....	515.12
415M	3	C. P. Rowley.....	Lora E. Rowley.....	1,022.24
Total.....				5,123.72

Interest at the rate of 4½ per cent being allowed on daily balances.

Mortuary expense fund.

RECEIPTS.

Month.	Admission fees, etc.	2 per cent of net mortuary received.	Total.
July.....	\$157.95	\$3,670.80	\$3,828.75
August.....	161.83	4,510.37	4,672.20
September.....	154.92	5,685.32	5,840.24
October.....	188.46	3,718.03	3,906.49
November.....	209.51	3,618.94	3,828.45
December.....	192.92	3,677.22	3,870.14
Balance on hand July 1, 1915.....			63,768.86
Total.....	1,065.59	22,880.68	87,715.13
Received interest from July 1, 1915, to Dec. 31, 1915.....			-1,370.23
Total.....			86,085.35

DISBURSEMENTS.

Salaries.....	\$9,355.45
Attorneys' fees and legal expenses.....	2,059.03
Rent.....	1,662.20
Depository bonds.....	1,166.67
Printing.....	865.30
Postage, postals, and stamped envelopes.....	843.13
Trustees board meeting.....	683.61
Office supplies and expenses.....	600.63
Auditing.....	380.00
Traveling expenses of president.....	184.76
Telegraph and telephone.....	146.53
National Fraternal Congress of America.....	119.00
Office furniture.....	76.50
Bonds for insurance secretaries.....	.15
Total.....	18,012.96
Balance on hand Dec. 31, 1915.....	71,072.40
Total.....	89,085.35
On deposit in bank Dec. 31, 1915.....	68,539.62
Cash on hand.....	1,532.78
Total.....	71,072.40

DETAIL OF CASH BALANCE.

Mortuary fund.....		\$262,177.86
Mortuary expense fund (in bank).....	\$69,539.62	
Cash on hand.....	1,532.78	
		71,072.40
Relief fund (in bank).....	27,564.18	
Cash on hand.....	51.59	
		27,615.78
Annuity fund.....		5,123.73
Surplus mortuary fund.....		451,280.87
Total.....		817,240.30
On deposit at:		
The Guardian Savings & Trust Co., Cleveland, Ohio.....		405,022.16
Southern Bank & Trust Co., Valdosta, Ga.....		410,038.77
Total.....		815,060.93
Home office (cash drawer).....		1,584.37
Total.....		817,240.30

UNPAID PUBLISHED CLAIMS.

[These were held up, owing to litigation or failure of beneficiary to qualify, but payment of all these has been provided for to Dec. 31, 1915.]

Claim.	Division.	Name.	Amount.
286 E	224	W. E. Hayes.....	\$732.00
965 E	85	T. W. Harrison.....	376.70
742 I	286	Michael Powers.....	136.37
999 J	637	F. B. Reynolds.....	1,500.00
3 K	758	A. S. Lowe.....	1,037.39
154 K	570	M. H. Coleman.....	1,554.45
360 K	730	John J. Conrad.....	464.04
647 K	12	John H. Steele.....	300.00
840 L	161	Harry W. Carr.....	1,600.00
79 M	448	H. E. Marshall.....	1,600.00
1014 M	839	Charles York.....	125.00
96 N	55	F. Frohlich.....	599.28
271 N	158	Jas. A. Ross.....	166.44
640 M	676	Angus C. Low.....	72.50
352 N	244	Arthur W. Simmons.....	1,498.00
357 N	355	Alexander Matheson.....	500.00
434 N	59	N. M. Burch.....	46.30
489 N	186	C. W. Smith.....	337.12
738 N	220	J. Frank Allen.....	1,326.02
		Total.....	13,771.53

Indemnity claim fund.

RECEIPTS.

Month.	Net pre- miums.	Refund.	Total.
July.....	\$34,368.06		\$34,368.06
August.....	814.52	\$260.00	1,064.52
September.....	12,044.12		12,044.12
October.....	39,650.54		39,650.54
November.....	1,116.54	20.00	1,136.54
December.....	337.65		337.65
Balance on hand July 1, 1915.....			55,113.85
Total.....	88,331.43	270.00	143,715.28
Interest from July 1, 1915, to Dec. 31, 1915.....			1,625.35
Total.....			145,340.63

DISBURSEMENTS.

Month.	Death claims.	Weekly claims.	Total.
July.....		\$9,473.21	\$9,473.21
August.....	\$3,000.00	9,066.42	12,066.42
September.....	2,000.00	11,550.76	13,550.76
October.....	2,980.00	8,285.72	11,245.72
November.....	5,000.00	7,254.02	12,254.02
December.....	4,000.00	9,827.43	13,827.43
Total.....	16,980.00	55,457.56	72,417.56
Balance on hand Dec. 31, 1915.....			72,923.07
Total.....			145,340.63

INDEMNITY CLAIMS PAID.

Date.	No.	Death.	Weekly.	Total.
July 1	133-179 I.....		\$4,284.30	
1	434 H, advanced.....		95.00	
1	992 G, balance.....		210.00	
1	580 H, balance.....		230.00	
1	909 H, balance.....		145.00	
6	498 H, advanced.....		100.00	
6	39 I, advanced.....		95.00	
6	40 I, advanced.....		125.00	
17	180-227 I.....		3,075.34	
17	330 H, balance.....		100.71	
17	809 H, balance.....		310.00	
17	857 H, balance.....		35.00	
17	894 G, balance.....		150.00	
23	119 H, advanced.....		397.88	
23	856 H, advanced.....		120.00	
Aug. 2	228-281 I.....		2,910.72	
2	107 I, advanced.....		250.00	
2	807 H, advanced.....		400.00	
2	943 H, advanced.....		225.00	
4	944 H, advanced.....		75.00	
4	282 I, advanced.....		100.00	
4	156 A.....	\$2,000.00		
11	903 H, advanced.....		600.00	
13	241 I, balance.....		20.00	
13	107 I, advanced.....		250.00	
13	157 A.....	1,000.00		
16	283-328 I.....		3,435.70	
16	361 H, balance.....		200.00	
21	329 I, advanced.....		500.00	
21	330 I, advanced.....		100.00	
Sept. 1	158 A.....	2,000.00		
1	331 I, advanced.....		100.00	
1	332-381 I.....		4,348.58	
1	382 I, advanced.....		130.00	
1	383-388 I.....		267.85	
1	389 I, advanced.....		225.00	
1	390-400 I.....		785.01	
1	39 I, balance.....		80.00	
1	282 I, balance.....		25.71	
1	78 H, balance.....		140.00	
1	434 H, advanced.....		90.00	
3	401 I, advanced.....		125.00	
3	402 I.....		10.71	
7	498 H, advanced.....		175.00	
7	403-404 I.....		231.43	
8	856 H, advanced.....		140.00	
8	405 I.....		40.00	
13	40 I, advanced.....		200.00	
15	406-416 I.....		443.58	
15	417 I, advanced.....		200.00	
15	418-450 I.....		1,858.60	
15	430 H, balance.....		130.00	
15	944 H, advanced.....		55.00	
16	451-452 I.....		904.29	
20	453 I, advanced.....		25.00	
20	454 I, advanced.....		50.00	
23	455 I, advanced.....		300.00	
29	456 I, advanced.....		250.00	
29	457 I, advanced.....		220.00	

INDEMNITY CLAIMS PAID—Continued.

Date.	No.	Death.	Weekly.	Total.
Oct. 1	458-520 I.		\$3,959.99	
1	521 I, advanced.		80.00	
1	331 I, balance.		45.71	
8	522 I, advanced.		350.00	
15	523-578 I, advanced.		3,107.16	
15	81 H, balance.		300.00	
15	498 H, advanced.		130.00	
15	389 I, balance.		115.00	
15	453 I, balance.		66.43	
19	579 I.		8.57	
20	159 A.	\$2,000.00		
21	856 H, advanced.		100.00	
23	160 A.	960.00		
27	470 H, balance.		22.86	
Nov. 1	580 I.		40.00	
1	581 I, advanced.		220.00	
1	582-628 I.		2,979.69	
1	919 G, balance.		202.86	
1	417 I, advanced.		500.00	
1	456 I, balance.		38.57	
1	944 H, advanced.		70.00	
5	161 A.	2,000.00		
5	943 H, advanced.		200.00	
16	629-673 I.		2,102.18	
16	382 I, balance.		204.29	
16	162 A.	1,000.00		
18	119 H, balance.		71.43	
19	163 A.	2,000.00		
20	434 H, balance.		60.00	
23	856 H, advanced.		100.00	
23	40 I, advanced.		200.00	
27	401 I, advanced.		115.00	
27	673 I, advanced.		150.00	
Dec. 1	674-729 I.		3,781.44	
1	454 I, advanced.		75.00	
1	821 I, balance.		119.29	
1	557 I, balance.		102.86	
1	498 H, balance.		60.00	
1	903 H, balance.		318.45	
1	944 H, advanced.		50.00	
2	730 I, advanced.		260.00	
2	731 I.		38.57	
6	716 I, balance.		14.29	
6	732 I.		34.29	
8	733 I, advanced.		170.00	
8	734 I, advanced.		200.00	
15	735-761 I.		1,510.71	
15	897 H, advanced.		3-0.00	
15	78 I, advanced.		490.00	
20	762-776 I.		522.15	
20	164 A.	2,000.00		
22	165 A.	2,000.00		
22	107 I, advanced.		400.00	
22	673 I, advanced.		75.00	
22	777 I, advanced.		210.00	
22	778 I, advanced.		65.00	
23	779-792 I.		891.09	
23	730 I, balance.		29.29	
24	793 I.		100.00	
Total.		16,960.00	55,457.56	72,417.56

INDEMNITY EXPENSE FUND.

	Admission fees, etc.	5 per cent.	Total.
Balance on hand July 1, 1915.			\$3,859.31
Received, July.	\$4.75	\$1,808.86	1,813.61
Received, August.	.74	42.87	43.61
Received, September.	3.25	633.90	637.15
Received, October.	13.70	2,139.70	2,153.20
Received, November.	5.00	58.76	63.76
Received, December.	2.47	17.77	20.24
Total.	29.91	4,701.66	8,590.88
Received interest from July 1, 1915, to Dec. 31, 1915.			123.98
Total.			8,714.86

DISBURSEMENTS.

Salaries.....	\$1,756.99
Depository bond.....	388.89
Rent.....	332.44
Printing.....	210.67
Auditing.....	200.00
Postage, postals, and stamped envelopes.....	145.86
Office supplies and expenses.....	41.59
Total.....	3,079.47
Balance on hand Dec. 31, 1915.....	5,635.39
Total.....	8,714.86
On deposit in bank Dec. 31, 1915.....	5,287.13
Cash on hand.....	348.26
Total.....	5,635.39

Detail of cash balance, indemnity insurance, Locomotive Engineers' Mutual Life and Accident Insurance Association, Dec. 31, 1915.

Indemnity claim fund.....	\$72,923.07
Indemnity expense fund (in bank).....	\$5,287.13
Cash on hand.....	348.26
Total.....	5,635.39
Total.....	78,558.46
On deposit at—	
The Guardian Savings & Trust Co., Cleveland, Ohio.....	78,210.20
Home office (cash drawer).....	348.26
Total.....	78,558.46

THE STATE OF OHIO, *Cuyahoga County*, ss:

I, the above-named Charles F. Rahn, being first duly sworn on my oath, say that the foregoing is a full, true, and accurate account and statement of the financial condition of the Locomotive Engineers' Mutual Life and Accident Insurance Association, and indemnity department for and during the period beginning July 1, 1915, and ending December 31, 1915.

CHARLES F. RAHN.

Sworn to before me by the said Charles F. Rahn, and by him subscribed in my presence, at Cleveland, Ohio, this 17th day of January, A. D., 1916.

[SEAL.]

OSCAR J. HORN, *Notary Public*.

PROTECTION OFFERED BY THE PENSION ASSOCIATION OF THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS.

FACTS WORTH KNOWING.

The attention of all members of the B. of L. E. eligible to membership in the pension association is called to this particular feature of the organization.

Aim and object.—The pension association provides a monthly income for you when the pay car ceases to come or when you are thrown on the "scrap pile."

When paid.—If you were in active service at the time you joined the association, when you are permanently disqualified on account of either mental or physical disability, or, having reached the age of 65 years, you voluntarily retire, or are retired by the railroad employing you, you will receive your pension.

If you were engaged in an occupation other than that of engineer at the time you joined the association, when from mental, physical, or other causes you are unable to perform any kind of remunerative work, or have reached the age of 70 years, you will receive your pension.

Qualification for membership.—Membership in this association shall be confined exclusively to members of the B. of L. E. who are in good standing at the time of making application and at the time of enrollment as members. Age of applicant to be taken from the B. of L. E. records, and all applications for membership must be accompanied by one month's dues: *Provided, however*, That after the passage of this law no application will be received for membership in this association from any applicant who shall have reached the age of

60 years: *And be it further provided*, That on and after June 30, 1916, no application will be received for membership in this association from applicants who have reached the age of 50 years.

Only members of the B. of L. E. who are in active service as defined by the statutes of the B. of L. E. or firemen or hostlers who are members of the B. of L. E., who are in active service as firemen or hostlers, or other members of the B. of L. E. who are engaged in other remunerative occupations and are earning at least \$60 per month, are eligible to membership in this association. Firemen and hostlers who are eligible to membership in this association and elect to become members shall be considered as being in active service as herein defined.

Cost of membership.—All active members of the association under the age of 30 years shall pay 50 cents per month.

All active members from the age of 30 to 35 years shall pay \$1 per month.

All active members from the age of 35 to 40 years shall pay \$1.50 per month.

All active members from the age of 40 to 45 years shall pay \$2 per month.

All active members from the age of 45 to 50 years shall pay \$2.50 per month.

All active members from the age of 50 to 55 years shall pay \$3 per month.

All active members from the age of 55 to 60 years shall pay \$3.50 per month.

All active members from the age of 60 to 65 years shall pay \$4 per month.

All active members over the age of 65 years shall pay \$4.50 per month.

Any member of this association who has been declared a pensioner by the board of governors, who shall have paid dues for 60 months or less, shall receive a pension from this association for the remainder of his life of \$25 per month.

Those paying dues for 61 months to 120 months, \$30 per month.

Those paying dues for 121 months to 180 months, \$35 per month.

Those paying dues for 181 months to 240 months, \$40 per month.

Those paying dues for 241 months to 300 months, \$45 per month.

Those paying dues for 301 months to 360 months, \$50 per month.

Those paying dues for 361 months to 420 months, \$55 per month.

Those paying dues for 421 months to 480 months, \$60 per month.

Those paying dues for over 480 months, \$65 per month.

Why you should join.—Did you ever stop to think that all you have to sell is your labor, and when the time comes when you have no more labor to sell the railroad company will not want you? Do you realize that when that day arrives the pay car will cease to bring you your monthly check that you have been receiving all these years? Rent and living expenses go on the same as before. How will you meet them? Have you saved enough money to care for you in your old age? If not, don't you think it would be a mighty good investment to join the pension association now and provide for yourself and those dependent on you instead of waiting until it is too late and then trying to live on the cold charity of the world? Think it over.

Why the B. of L. E. pension is best.—You get exactly what you pay for and are not depending on the good will of some official to say whether or not you get it and what the amount shall be; neither are you in danger of having it cut off at any time when you may not be willing to do something the company wants you to do. For example: One railroad had a strike of conductors and trainmen. Under penalty of losing their pensions, old, white-haired members of the B. of L. E. were forced to act as strike breakers. When the B. of L. E. had the concerted wage movement in 1912 and affairs had almost reached a crisis, retired members of the B. of L. E. were sent for and notified to hold themselves in readiness to act as strike breakers "under penalty of having their pensions cut off." What will become of your railroad pension if you make a mistake and get discharged, and are beyond the age limit? Why, you lose it. Not so with the B. of L. E. pension; it is sure.

A young man's pension.—Many members are of the opinion that the pension is for old men. Nothing is further from the true facts. Take the case of a young engineer under 30 years of age. By an investment of 50 cents per month, should anything happen to him so he is disqualified from earning a living at his chosen profession (locomotive engineer), there may be 30 or 40 dreary years ahead of him to live, but he is guaranteed a pension for life—certainly a good investment.

Age limit.—Already by action of the association no member of the B. of L. E. beyond the age of 60 years can become a member of the pension association. After June 30, 1916, no application will be received from applicants over 50

years of age. Better get into clear. Don't be found asleep at the switch and let the pension get by you. You will be sorry only once, and that will be always. There is only one time to do anything, and that is now.

Yours, fraternally,

W. S. STONE, *President.*

W. E. FUTCH, *Vice President.*

WM. B. PRENTER, *Secretary-Treasurer.*

LOCOMOTIVE ENGINEERS,
MUTUAL LIFE AND ACCIDENT INSURANCE ASSOCIATION,
Cleveland, Ohio, April 1, 1916.

Monthly Statement.

Total number of claims levied Apr. 1, 1916.....	98
Official numbers, 1068, 1069, 1070, 1071, 1072, levied Apr. 1, 1916.	
Total amount of assessments levied Apr. 1, 1916.....	\$213, 000
Deaths, 77.....	\$165, 500
Killed, 16.....	36, 000
Blind, 1.....	1, 500
Disability, 1.....	3, 000
Drowned, 2.....	6, 000
Suicide, 1.....	3, 000
Total (98).....	213, 000
Amount paid in claims from 1868 to Apr. 1, 1916.....	\$33, 348, 267. 44
Total amount of insurance in force Apr. 1, 1916.....	\$144, 828, 750
Total membership Feb. 29, 1916.....	68, 399
Increase for March, 1916.....	123
Total membership Mar. 31, 1916.....	68, 522

W. E. FUTCH,
President.

C. E. RICHARDS,
General Secretary-Treasurer.

Locomotive Engineers Mutual Life and Accident Insurance Association. Monthly report of indemnity insurance.

[Cleveland, Ohio, Apr. 1, 1916.]

	Member-ship.	Principal sum.	Weekly indemnity.
Total members Feb. 29, 1916.....	7,555	\$8, 876, 000. 00	\$135, 542. 50
INCREASE FOR MARCH.			
Amount of insurance:	Carried.		
\$1,000.....	\$5. 00		
1,000.....	7. 50		
1,000.....	10. 00	5	5, 000. 00
1,000.....	12. 50		
1,000.....	15. 00	21	21, 000. 00
1,000.....	20. 00	6	6, 000. 00
1,000.....	30. 00	2	2, 000. 00
1,500.....	7. 50		
1,500.....	10. 00	1	1, 500. 00
1,500.....	12. 50	1	1, 500. 00
1,500.....	15. 00	1	1, 500. 00
1,500.....	20. 00	4	6, 000. 00
1,500.....	30. 00		
2,000.....	10. 00	13	26, 000. 00
2,000.....	12. 50	1	2, 000. 00
2,000.....	15. 00	10	20, 000. 00
2,000.....	20. 00	56	112, 000. 00
			1, 120. 00

Locomotive Engineers Mutual Life and Accident Insurance Association, etc.—
Continued.

	Member- ship.	Principal sum.	Weekly indemnity.
INCREASE FOR MARCH—continued.			
Amount of insurance:	Carried.		
\$2,000.....	\$30.00	25	\$50,000.00
	5.00		\$750.00
	7.50		
	10.00	3	30.00
	12.50	1	12.50
	15.00	4	60.00
	20.00	13	260.00
	30.00	5	150.00
Lapses and deaths.....	172	9,130,500.00	138,880.00
	51	42,500.00	885.00
Net increase.....	121	9,088,000.00	137,995.00
Total membership Feb. 29, 1916.....	7,555		
Increase for March.....	121		
Total membership Mar. 31, 1916.....	7,676		
Total amount of insurance in force Mar. 31, 1916.....			9,225,995.00
Death claims paid to Feb. 29, 1916.....	167	\$290,732.14	
Death claims paid in March.....	3	5,000.00	
Total amount of death claims paid.....	170	295,732.14	295,732.14
Weekly indemnity claims paid to Feb. 29, 1916.....	8,954	756,747.35	
Weekly indemnity claims paid in March.....	127	12,466.82	
Total amount of weekly indemnity claims paid.....	9,081	769,214.17	769,214.17
Total amount of death and weekly indemnity claims paid.....			1,064,946.31

W. E. FUTCH, *President.*

C. E. RICHARDS, *General Secretary Treasurer.*

Members placed on B. of L. E. Insurance Association Relief Fund during March.

Name.	Claim number.	Division number.
W. L. Mark.....	676	172
E. W. Church.....	677	398
J. C. Barnes.....	678	47
John Hunt.....	679	30
John M. Blaney.....	680	72

Total number of men placed on relief fund to Mar. 2, 1916..... 675

Claims previously discontinued:

Because of death.....	222
Because of blindness.....	7
Because expired.....	155
Because withdrawn.....	16
Because of benefits discontinued.....	90

490

During March:

Because expired.....	4.....
Because benefits discontinued.....	2.....
	6 496

Number of members placed on Apr. 1, 1916..... 179

5

Total number of members on relief fund Apr. 1, 1916..... 184

W. E. FUTCH, *President.*

C. E. RICHARDS, *General Secretary Treasurer.*

BROTHERHOOD OF LOCOMOTIVE FIREMEN AND ENGINEMEN.

The Brotherhood of Locomotive Firemen and Enginemen maintains its own insurance department. Each member carries insurance, varying from \$500 to \$4,500, the premium for insurance being 55 cents per month for each \$500. The insurance is paid to members of the family of the insured in case of death, and to the member in case of disability, such as for the loss of one hand or both hands, one eye or both eyes, Bright's disease, permanent paralysis of either extremity, locomotor ataxia, valvular disease of the heart, and consumption of the lungs in its last stages. If the examining physician finds that a change of climate would be beneficial to a member afflicted with consumption, the member is paid \$50 per month until recovery or death.

There was paid out during the month of December for death and disability claims \$91,528.50. There is paid to the Home for Aged and Disabled Railroad Employees, at Highland Park, Ill., the sum of \$100,000 per year.

The organization also maintains a funeral-expense fund to pay the burial and funeral expenses of beneficiary members. The sum paid out under this fund amounted to \$2,914.31 in the month of December, 1915.

No agents are paid to collect insurance premiums, the members taking care of the funds the same as in all other branches of the brotherhood.

The following shows the amounts paid on account of death and disability (exclusive of consumption allowances), and the amount received from members whose claims have been paid, for the past three years:

	Death.	Disability.	Total.
1913.			
Paid in claims.....	\$802,862.25	\$317,730.80	\$1,020,612.25
Amounts received.....	80,746.60	22,866.80	103,547.40
1914.			
Paid in claims.....	743,300.75	219,500.00	962,800.75
Amounts received.....	81,730.65	26,862.60	108,592.65
1915.			
Paid in claims.....	667,249.55	216,725.00	883,974.55
Amounts received.....	85,548.50	25,006.60	110,555.10
TOTAL FOR THREE YEARS.			
Paid in claims.....	2,213,412.55	663,975.00	2,867,387.55
Amounts received.....	248,019.15	74,676.00	322,695.15

BROTHERHOOD OF RAILROAD TRAINMEN.

Within a few months after the organization of the Brotherhood of Railroad Trainmen, September 23, 1883, a mutual optional fraternal plan of insurance was adopted. Since that time, and in the light of experience gained in the workings of various changes which have been adopted, the plan has been developed to make it liberal and to give the maximum return to the members commensurate to the amounts paid in. For the past 20 years it has been compulsory, and any person joining the brotherhood must elect which class of insurance he will carry.

The classes of insurance are: A, \$550; B, \$1,100; C, \$1,500; D, \$2,000.

The assessments per member, payable monthly, for the respective classes, are: A, 75 cents; B, \$1.50; C, \$2; and D, \$3. The law permits the levying of additional assessments when the receipts from members in any class are inadequate to meet the liabilities on account of members in that class. It has been necessary to apply this provision of the law but twice.

In addition to the foregoing a certificate for class A, \$550, is issued to members who are ineligible to carry death and disability benefits. This applies where a member has received the benefits of the insurance and is paid for disability or death.

Insurance to the amount fixed in the respective class is paid for any of the following causes: Death from any cause, loss of a limb, consumption, paralysis, loss of speech, loss of eyesight, the partial loss of a limb, ankylosis of a limb, and in fact any disease or disability permanent in character and which incapacitates the member from performing the duties of a railroad trainman, and also upon reaching the age of 70 years.

The liabilities on account of benefit certificates are \$185,000,000. The assets on March 31, 1916, were \$2,167,466. The organization has paid from the beneficiary fund to March 31, 1916, \$28,833,132.

About 47 per cent of the amount paid was on account of casualties on the railroads, resulting in death or permanent total disability. About 43 per cent was paid on account of death, disabilities, and old age.

During the past three years there has been in operation a funeral benefit fund in which all members who have received their benefit claims must participate. The certificate is payable at death and amounts to \$150, the cost per member being 25 cents per month. There has been disbursed from this fund \$51,919.

Each subordinate lodge has its own local arrangement for the payment of sick and accident benefits, the amounts paid ranging from \$3 to \$7 a week. While there is not in force an out-of-work benefit, yet the local lodges do a great deal in the way of taking care of the unemployed, by helping members along who are seeking work, frequently paying house rent, furnishing food and clothing, and caring for the families of men out of employment. It is estimated that as much as \$35,000,000 has been paid by the members in this way.

HOME FOR AGED AND DISABLED RAILROAD EMPLOYEES.

The Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, Brotherhood of Railroad Trainmen, and the ladies' auxiliary organizations of the brotherhoods maintain at Highland Park, Ill., a Home for Aged and Disabled Railroad Employees. There is attached a copy of the by-laws, rules, and regulations of this society.

As shown thereby, this institution was organized May 28, 1890, and its object is to provide a home for worthy, aged and disabled, helpless and destitute railroad men who are no longer able to provide for themselves; and to aid such who by accident or from other causes are permanently incapacitated for railroad work.

The society owns its own buildings and is very well situated in the suburbs of Chicago. The Brotherhood of Locomotive Engineers, the Brotherhood of Railroad Trainmen, and the Brotherhood of Locomotive Firemen and Enginemen have approved the plan by which the brotherhoods are to take over the home and assume all of the obligations. These organizations each donated outright \$15,000 as a building fund, with the understanding that after the overhead charges were met the cost per capita would be met by the brotherhoods in proportion to the number of members cared for in the home. The Order of Railway Conductors has not adopted this plan, but contributes to the maintenance of the home.

The report of the board of trustees of the home for the year ended December 31, 1915, shows the following:

Balance on hand Jan. 1, 1915.....	\$17, 979. 79
Receipts.....	37, 809. 90
Interest.....	549. 33

Total income and balance.....	56, 339. 02
Expenditures.....	35, 858. 95

Balance on hand Jan. 1, 1916.....	20, 480. 07
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The income, other than interest, was from the following sources:

Brotherhood of Locomotive Engineers.....	\$11, 312. 69
Order of Railway Conductors.....	3, 341. 82
Brotherhood of Railroad Trainmen.....	12, 801. 71
Brotherhood of Locomotive F. and E.....	7, 283. 45
G. I. A. and B. of L. E.....	1, 194. 65
B. L. E., local divisions.....	12. 00
O. R. C., local divisions.....	78. 00
B. R. T., local lodges.....	489. 65

Ladies' society lodges:

B. of L. E.	\$33. 50
B. of L. F and E.	17. 80
O. R. C.	61. 90
B. of R. T.	25. 00
Miscellaneous	717. 98
Return funeral expenses paid	430. 75

Total 37, 809. 90

There is also attached a tabulated statement of the receipts and disbursements by the home during its existence.

Also a record of inmates in the home from date of its organization, according to the organization of which they were members.

BY-LAWS, RULES, AND REGULATIONS OF THE HOME FOR AGED AND DISABLED RAILROAD EMPLOYEES OF AMERICA OF HIGHLAND PARK, ILL.

[Organized May 28, 1890. Incorporated Aug. 19, 1904.]

BY-LAWS.

ARTICLE I.—*Name.*

SECTION 1. The name by which this society shall be known in law is "The Home for Aged and Disabled Railroad Employees of America."

ARTICLE II.—*Object.*

SECTION 1. The object of this society is to provide a home for worthy aged and disabled, helpless and destitute railroad men who are no longer able to provide for themselves, and to aid such who, by accident or from other causes, are permanently incapacitated for railroad work, and in this practical way exemplifying true brotherly principles; and to acquire and hold real and personal property for the use and benefit of this society.

ARTICLE III.—*Seal.*

SECTION 1. The society shall have an official seal, bearing the name of this society, which shall be affixed to all official documents issued by and under the authority of this society.

ARTICLE IV.—*Membership.*

SECTION 1. This society shall consist of three classes of members, viz, honorary members, associate members, and active members, provided that honorary and associate members shall have no vote at the meetings of the society.

SEC. 2. Any person may become an honorary member who shall contribute the sum of \$100 to the society, and he shall not be liable for further dues or assessments.

SEC. 3. Any person may become an associate member who shall pay an admission fee of \$1 and annual dues of \$1 after the first year of membership.

SEC. 4. The active members of this society shall consist of three members from each of the following railroad organizations described in these by-laws as brotherhoods, and the ladies' auxiliaries of said brotherhoods, described in these by-laws as auxiliaries, one of which members shall be the chief executive officer of each of said railroad organizations and auxiliaries, and the other two members shall be selected from the members of each of said railroad organizations and auxiliaries by said chief executive officer, said railroad organizations and ladies' auxiliaries being as follows:

The Order of Railway Conductors.

The Brotherhood of Locomotive Engineers.

The Brotherhood of Locomotive Firemen and Enginemen.

The Brotherhood of Railroad Trainmen.

The Ladies' Auxiliary to the Brotherhood of Railroad Trainmen.

The Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen.

The Grand International Auxilliary to the Brotherhood of Locomotive Engineers.

The Ladies' Auxilliary to the Order of Railway Conductors.

Provided the number of brotherhoods and auxiliaries entitled to participate in the active membership of this society, as above set forth, may be increased or diminished at any annual meeting of this society.

SEC. 5. In case the chief executive officer of any of said brotherhoods or auxiliaries refuses to become an active member of this society, or refuses or neglects to appoint members of said brotherhoods and auxiliaries to act as members of this society, the active members of this society shall fill such vacancy at its annual meeting, or any adjourned meeting thereof, by selecting active members from said brotherhoods or auxiliaries as the case may be.

SEC. 6. The active members of this society shall be the only members of the society entitled to vote at the meetings of the society. They can take part and vote in person or by persons designated by the chief executive officers of their organizations to represent them at the meetings of the society.

SEC. 7. The active members of this society shall be fully authorized to execute all powers of this society over all its estate and property, shall have charge of the funds of this society, elect all officers of the society and members of the board of trustees, and determine the compensation to be paid them, and transact the entire business of the society. The active members of this society shall not be liable to pay any dues or assessments and may be reimbursed for their necessary traveling expenses if such is not otherwise provided by their organizations.

ARTICLE V.—*Annual and special meetings.*

SECTION 1. The annual meeting of this society shall be held on the second Tuesday of April in each year at the home of the society in Highland Park, Lake County, Ill.

SEC. 2. In case of failure to hold the annual meeting on the date specified, a special meeting shall be called for that purpose, and all officers and trustees whose term of service may have expired because of such failure shall retain their offices until their successors are elected.

SEC. 3. Special meetings of the society may be called by the president, or in case of his absence or inability to act, by the vice president or second vice president, or on request of five members of the society, or by the board of trustees; but when special meetings are called, five days' notice of the time and place of the meeting and the subject proposed to be considered shall be given to the active members, and no other subject shall be acted upon at such meeting unless there be at least six members present, and then only by unanimous consent.

SEC. 4. At any annual or special meeting of this society no less than six active members shall constitute a quorum.

ARTICLE VI.—*Officers.*

SECTION 1. The officers of this society shall consist of a president, vice president, second vice president, secretary and treasurer, and a board of trustees of four members, who shall be elected annually by the society from its members.

SEC. 2. None but an active member of this society shall be eligible to election as an officer hereof, except by unanimous consent of the meeting at which the election is held.

SEC. 3. Such persons as may give valuable assistance or render signal service to the home may be elected honorary trustees on the board of trustees. Honorary trustees may attend meetings of the board of trustees and meetings of the society in an honorary and advisory capacity.

SEC. 4. If any officer of this society shall become inattentive to his duties or otherwise fail to properly serve as such, he may be notified to show cause why his office should not be declared vacant. Such notification shall lie with not less than six members of the society, who shall file specific charges against the accused with the secretary and treasurer or the board of trustees. Either or both shall, within 10 days, transmit the charges to the accused, and he shall be heard and judged by a regular meeting of the society or a special meeting thereof called for the purpose. In the event of failure to show good and sufficient cause, the office shall be declared vacant, and an election had at once to fill the vacancy thus created. A majority vote of the members present shall decide whether excuses offered are sufficient to excuse the officer for the neglect charged.

ARTICLE VII.—*Duties of president and vice president.*

SECTION 1. It shall be the duty of the president to devote as much of his time to the interest of the society as possible; he shall preside at the sessions of the society and perform such other duties as usually fall to the office of president.

SEC. 2. It shall be the duty of the vice president to assist the president in the discharge of his duties as presiding officer at meetings of the society, and during the absence of the president he shall be the presiding officer, and in case of death, resignation, or removal of the president he shall discharge the duties and assume the responsibilities of the office of president.

SEC. 3. The second vice president shall, in the absence or inability to act of the president and vice president, assume the duties and prerogatives of the president.

ARTICLE VIII.—*Duties of secretary and treasurer.*

SECTION 1. It shall be the duty of the secretary and treasurer to act as manager of the home, to keep a true and correct record of all the proceedings of the society; to prepare, sign, and seal all certificates of membership and important documents issued by the society, to receive all revenues and make all disbursements in connection with the home as provided by these by-laws, to keep a correct account of all moneys received and disbursed by him and make a monthly report through the columns of the several magazines or journals published by the railroad brotherhoods, of all moneys received from the several sources and for what purpose; also the financial standing of the society at the end of each quarter; he shall make all arrangements for the meetings of the society and the board of trustees and attend the same with all necessary books and papers; he shall, before assuming his duties as secretary and treasurer, execute a bond each year to the amount determined by the board of trustees for the faithful performance of his duties.

SEC. 2. At each annual meeting of the society he shall submit a complete report of the receipts and expenditures during the previous year classified in such manner as the board of trustees may direct; the state of various funds of the society; the number of inmates in the home; the number of deaths, and those then being cared for, together with applications on file, expulsions and cause thereof, and give information of any nature relating to the objects of the society which may be of interest and importance. When a death or expulsion occurs he must immediately notify the division or lodge to which the inmate belonged.

SEC. 3. He shall superintend and manage the home and pay all bills which shall be presented and audited by the trustees in conformity with these by-laws; he shall receive applications subject to the by-laws and rules of the society and home.

SEC. 4. The secretary and treasurer shall employ such help as necessary to properly care for the home subject to the approval of the board of trustees. He shall receive such compensation for his services as the board of trustees may determine.

SEC. 5. The secretary and treasurer shall send to all active members a report of all business transacted at each annual meeting, in circular form.

ARTICLE IX.—*Duties of board of trustees.*

SECTION 1. The board of trustees shall have the control and management of the affairs and funds of the society. No expenditures for permanent improvements shall be made without their authority, and no one shall be admitted to the home without their approval.

SEC. 2. It shall be the duty of the board of trustees to audit the books and accounts of the society and of the secretary and treasurer at least once in three months, and they may employ an expert accountant if they deem it necessary, and to fix the amount of, and have the custody of the bond of the secretary and treasurer, and if approved each trustee shall indorse the same with his signature before it is accepted and placed on file.

SEC. 3. It shall be the duty of the board of trustees to transmit a full report of the condition of the books of the officers to the active members of the society previous to the annual meeting.

SEC. 4. The board of trustees shall have the power when authorized by the society to acquire and dispose of real and personal property of the home, but no authority granted under this section will empower the board of trustees to dispose of any such property in any way as to limit the operation or inter-

fere with the welfare of the home. When authorized by this society the board of trustees shall have the power to borrow money for the purpose of carrying out the aims and objects of the society and to pledge the real and personal property of the society as security for the payment of the money so borrowed; and said board shall have the authority to sign the name of this society to any evidence of indebtedness or of security when the same has been authorized by this society.

Sec. 5. The board of trustees shall constitute a board of visitors and one of their number shall personally visit the home as often as once a month.

Sec. 6. The first regular meeting of the board of trustees shall be held immediately after the adjournment of each regular annual meeting of the society. They shall organize by electing a chairman and secretary who shall serve for the ensuing year. The board shall meet quarterly to transact such business as may be necessary. The date of each quarterly meeting shall be fixed by the chairman and notice of such shall be sent to each member of the board within a reasonable time to insure attendance.

Special meetings may be called at any time by the chairman of the board, president of the society, or any two members of the board by giving five days' notice. Two members shall constitute a quorum.

Sec. 7. The board of trustees shall have the power to fill any vacancy in the board until the next annual or special meeting of the society.

Sec. 8. The board of trustees shall have control of the home and its inmates and make all rules and regulations in regard to the management of the home and its inmates, and shall hear and determine all charges made against any member for violation of the rules and other misconduct and prescribe penalties therefor.

ARTICLE X.—*Fiscal year.*

SECTION 1. The fiscal year of this society shall begin on the 1st day of January and terminate on the 31st day of December.

ARTICLE XI.—*Funds.*

SECTION 1. The secretary and treasurer shall place all funds of the society in the depository or depositories selected by the board of trustees and himself to the credit of the Home for Aged and Disabled Railroad Employees of America, and shall keep a correct record of the receipts and disbursements of each fund. The board of trustees and the secretary and treasurer may invest or deposit the funds in excess of current expenses to the best advantage and to the credit of the home. The secretary and treasurer shall be the custodian of the certificates or other evidence of deposit or investment. Extension and depreciation reserve funds so deposited or invested shall not be withdrawn except by approval of the board of trustees and the secretary and treasurer.

Sec. 2. The board of trustees shall appoint one of their number whose duty it shall be to countersign all checks for disbursements approved by him subject to the audit of the board in session, and all checks, etc., shall be signed by both said trustee and the secretary and treasurer; otherwise they shall be invalid. The secretary and treasurer shall be held responsible for all disbursements.

Sec. 3. The society shall establish and maintain the following-named funds, which shall be used exclusively for the purpose for which they have been created: General maintenance fund; extension fund; depreciation reserve funds; and special bequest funds.

Sec. 4. The general maintenance fund shall be established in adequate sum safely to provide for meeting the expense of maintaining the home for three months or other period that may be decided upon by the board of trustees to conform to the periods of reimbursement by the supporting organizations.

Sec. 5. Receipts from all sources other than those named in section 4 of this article shall become part of this extension fund (except the furniture depreciation reserve fund referred to in sec. 6), which shall be established to provide for permanent improvements, additions, and extensions of the facilities of the home as its needs may grow. All appropriations from this fund shall be subject to the approval of the home society.

Sec. 6. The secretary and treasurer, with the consent of the supporting organizations, shall charge to them as a part of the regular maintenance of the home on an agreed proportionate basis, quarterly or otherwise as bills may be rendered for such maintenance expenses, an amount for depreciation of the

buildings and furnishings of the home, which for the book value of the buildings shall equal one-quarter of 2 per cent quarterly and for the book value of the furnishings one-quarter of 10 per cent quarterly, and shall credit said amounts, the first to building depreciation reserve fund and the second to furniture depreciation reserve fund, respectively. Appropriations shall be made from the building depreciation reserve by the home society to be used solely to provide permanent improvements, additions, and extensions of the home as its needs may grow.

SEC. 7. The home society shall be empowered to receive bequests, foundations, and endowments, provided the specified purposes of the donor thereof shall be within the purpose and limitations of the home, and there shall be carried on the books of the home such fund accounts as may be necessary to secure that the income from all bequests, foundations, and endowments is applied for the purposes for which donated, and subject to the approval of the home society, or otherwise except only with the consent of the heirs, executors, administrators, assigns, or other legal representatives of the donors.

ARTICLE XII.—*Admission of inmates.*

SECTION 1. Any person desiring admittance to the Home for Aged and Disabled Railroad Employees of America must make application to the proper officer of his lodge or division, who will apply to the secretary of this society for an application blank. Applicant's declaration shall be made and signed by the applicant in the spaces provided therefor and sworn to before a notary public or qualified judicial officer. A certificate of examining physician as to applicant's physical and mental condition shall be appended in form and detail satisfactory to the management of the home, together with a certificate under seal by the subordinate lodge or division of which the applicant is a member as to his standing and other requirements of these by-laws. The application shall then be forwarded by the lodge or division to the chief executive officer of the organization, who shall certify as to the standing in that organization and eligibility for admission of the applicant. The application shall then be forwarded to the manager of the home and by him forwarded to the board of trustees for approval or disapproval. If approved, notice will be returned to the lodge or division and then the applicant will be admitted, but the society reserves the right of rejecting or expelling any inmate at any time for cause. All applications for admission, together with all the papers relating thereto, must have the approval of the board of trustees before applicant is admitted.

SEC. 2. No insane or dangerous person, or persons afflicted with any contagious or infectious disease or addicted to the use of liquor will be admitted to the home.

SEC. 3. No person not eligible to the insurance department of any of the brotherhoods will be accepted as an inmate of the home unless it is shown by the records of his grand lodge or division that he has been a continuous member of the brotherhood from the date of his disability to the date of his application to the home.

SEC. 4. No person otherwise eligible will be admitted to the home if suffering from a disabling incurable affliction or a progressive disease which is liable to result in death within a reasonably short time after admission to the home, or which requires at time of admission or is liable to require shortly thereafter continuous hospital treatment or other constant medical attention.

SEC. 5. Any appeal from a decision of the board denying admission under this article shall be made to the society at its next meeting, notice of such appeal to be given to the secretary and treasurer within 30 days after date of decision of the board.

ARTICLE XIII.

SECTION 1. The lodge or division sending an inmate to the home must keep him in good standing with his grand and local lodge or division, and in case of his death while in the home, see that the home is relieved of all burial expenses.

ARTICLE XIV.

SECTION 1. It shall be unlawful for the home society to indorse any article of merchandise.

ARTICLE XV.—Dissolution.

SECTION 1. No distribution of the property of this society shall be made until all debts are fully paid and then only upon its final dissolution and surrender of its organization and name; nor shall any distribution be made except by a vote of a majority of the active members. In such case all the property of this society remaining after the payment of its debts shall be divided among the several brotherhoods and auxiliaries set forth in section 4 of Article IV of these by-laws in proportion as the several organizations have contributed to this society and are entitled to membership.

ARTICLE XVI.—Rules of order.

The rules of order for the government of the deliberations of this society shall be as laid down in Roberts's Rules of Order.

ARTICLE XVII.—Order of business.

The order of business at meetings of this society shall be: Roll call of officers and members; reading of minutes of previous meeting; appointment of committees; reports of officers; reports of committees; unfinished business; communications; resolutions and motions; new business; nomination and election of officers; general debate; closing.

ARTICLE XVIII.—Amendments.

These by-laws may be modified, altered, or amended at any annual meeting of the society or at an adjourned meeting thereof.

RULES.

No. 1. Persons admitted into this home will be fed with plain but wholesome food; clothed with plain but decent apparel; and lodged in a plain but safe manner. Due regard shall be paid to their health, comfort, and happiness, and to this end their persons, clothing, and apartments shall be kept clean.

No. 2. Every inmate of this institution shall make himself useful in every way consistent with his physical condition and cheerfully cooperate with the management in the performance of such duties as may be assigned to him. The manager to be the judge of the physical condition of the inmate.

No. 3. Every inmate is required to keep his bed and room neat and tidy when his physical condition will permit, attending to it the first thing in the morning after a thorough airing.

No. 4. The manager shall have authority to regulate the internal affairs of the home, and if a resident proves obnoxious and persists in his conduct, he shall be dismissed.

No. 5. Complaints of any nature whatsoever must be made direct to the manager. Inmates disregarding the legal method of securing redress or disseminating exaggerated or untruthful reports, calculated to bring the home or its management into disrepute, if found guilty, shall be expelled.

No. 6. Any inmate feeling dissatisfied or aggrieved on account of treatment accorded him shall make his complaint in writing to the manager, duly specifying the same, and in event his complaint is not satisfactorily adjusted, shall have the right of an appeal to the board of trustees. Said appeal must be in writing addressed to the secretary of the board. The trustees will promptly investigate all such complaints when properly submitted and their decision shall be final, subject only to appeal to the society.

No. 7. Accusation or charges against the manager, or other persons in charge of the home, must be of a specific nature and made in writing addressed to the secretary of the board of trustees. A copy of these charges shall be forwarded by the secretary to the other members of the board. If a majority of the board believe an investigation necessary, the chairman shall call a meeting of the board within 30 days.

No. 8. Inmates will not be permitted to spend their time in idle gossip about stores and saloons. Any inmate coming into the home in an intoxicated condi-

tion, bring into the home or their room, or having in their possession about the home, any intoxicating liquors or beer, shall be immediately expelled by the manager.

No. 9. Spitting on the floor, or in or about the halls, throwing anything out of the windows for the first offense will be just cause for discipline by the manager, and for the second offense will be cause for action by the board of trustees.

No. 10. Profane language or bolsterous talking, at any time, will not be tolerated in or about the home, and all employees are required to be kind and polite to all inmates.

No. 11. Inmates desiring to visit any point outside the vicinity of the home must make application to the manager, whose consent shall be obtained before leaving.

No. 12. Inmates remaining away from the home for a period of 48 hours, or more, without permission from the manager shall be evidence that the inmate has voluntarily left the home and he can not return unless by consent by the board of trustees. Should an inmate return after absenting himself without permission he will be fed and sheltered for a period not to exceed 24 hours.

No. 13. Inmates expelled for violation of the rules who decline to exercise the right of appeal granted by the rules, or who exhaust their right of appeal, shall under no circumstances be eligible to readmission except by unanimous vote of the board of trustees.

No. 14. The manager will establish hours for the serving of meals, and when summoned every inmate will respond promptly unless prevented by sickness or excused by the manager. Inmates must not be out later than 9.30 p. m. and must not use the electric lights after 9.30 p. m. except in unavoidable cases. Inmates will not be permitted in the kitchen or to interfere with the employees except when on special business in the discharge of the duties assigned them by the manager.

No. 15. Any resident of the home dismissed for a violation of the rules of the institution desiring to appeal from the decision of the manager must immediately give notice of appeal to that official and the secretary of the board of trustees. He must make a statement in writing setting forth the grounds for appeal and must furnish the manager with a copy of such statement.

Receipts and disbursements of the Home for Aged and Disabled Railroad Employees of America from 1890 to 1915, inclusive.

	Receipts.	Disbursements.		Receipts.	Disbursements.
1890.....	\$276.09	\$184.70	1906.....	\$14,949.47	\$11,481.62
1891.....	4,304.01	4,667.79	1907.....	19,697.31	12,058.83
1892.....	5,247.46	4,816.11	1908.....	15,901.97	14,593.49
1893.....	5,396.61	5,112.22	1909.....	11,877.03	35,953.49
1894.....	5,074.43	5,292.37	1910.....	31,405.61	29,898.43
1895.....	6,856.67	6,627.37	1911.....	22,726.07	25,606.50
1896.....	7,654.97	7,208.89	1912.....	30,060.35	32,201.36
1897.....	7,530.35	8,275.70	1913.....	32,352.99	30,451.12
1898.....	6,667.56	6,239.48	1914.....	33,775.84	27,902.54
1899.....	7,844.80	6,376.26	1915.....	38,359.23	35,858.96
1900.....	11,861.71	8,424.79			
1901.....	8,005.58	6,553.54		373,870.05	365,375.96
1902.....	5,947.16	7,381.09	Building fund, 1909 and		
1903.....	9,102.35	7,854.86	1910.....	133,604.82	127,928.68
1904.....	19,761.51	13,243.87			
1905.....	11,230.90	11,238.78	Total.....	507,474.87	493,304.64

APPENDIX F.

SPEECH OF HON. MEYER LONDON, OF NEW YORK, IN THE HOUSE OF REPRESENTATIVES, MARCH 24, 1916.

IMMIGRATION.

The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 10384) to regulate the immigration of aliens to and the residence of aliens in the United States.

Mr. LONDON. Now, Mr. Chairman and gentlemen, I am not going to recite any poem, nor will I talk about my love for the flag. No man who really loves or respects his wife hires a brass band to advertise it.

I do not see why men permit themselves to be constantly proclaiming to the world how deep they love the flag of the Republic. Let us come to the point.

The opposition to immigration is traceable to three principal sources. First, there is the chauvinist element, which fears contamination from foreign stock. They are the successors of the Anti-Allen movement, of the Know-Nothing movement, of the A. P. A. movement. This element is to be found in every country of the world. It is the man who is so proud of himself because of his birth in a particular land, and because of his ancestry, that he considers it superfluous that he amount to something himself. To the chauvinist Chinaman, his country is the Celestial Empire; to the Japanese, the land of the Rising Sun; the German has, of course, the greatest culture; the Frenchman the noblest civilization; the Englishman rules the world; the Americans are, of course, the free and the brave.

While this sort of national frailty is excusable in old nations, Asiatic or European, it is utterly incomprehensible when found among the American people, full of the vigor of youth and absorbing unto itself all that is strong and virile in the human stock. This sort of man can not be reasoned with.

We come to the second element. We find year after year and Congress after Congress a solid vote for the restriction of immigration from the representatives of those States where children are exploited, where industry is undeveloped, where agriculture is in a primitive state, and where there is a particularly submissive class of labor.

These States suffer because of lack of immigration. Not only have they not developed their natural resources, but they have been suffering periodically from floods and inundations which they seem to be utterly incapable of coping with. The white immigrant, bringing with him the germs of discontent, coming here in quest of better opportunities, a rebel seeking a larger freedom, is feared by these elements. And the strange thing about it is that it is these very States that have an illiteracy of distressing proportions among the native white population.

Thus, Alabama, from which comes the distinguished author of this bill, has 15.7 per cent native white illiterates. North Carolina has 16 per cent; South Carolina, 15 per cent; Tennessee, 11 per cent; Louisiana, 17 per cent. One is tempted to ask the question why these gentlemen who are so opposed to illiteracy do not get busy in their own States.

Some of these States have an area larger than some of the Empires of Europe.

Alabama, with 52,000 square miles area, has a population of 2,270,000. Germany, with just four times the area of Alabama, or 208,000 square miles, has 67,000,000 people, or more than thirty times as many inhabitants as has this State.

Mississippi, with only 1,902,000 inhabitants, is larger than the combined area of Switzerland, Denmark, and Holland, though these three European countries support a total of 13,000,000 people in comparative comfort.

Texas, with a population of 4,250,000, is larger than France, Holland, Denmark, and Switzerland combined, with their 53,000,000 inhabitants.

Oregon, which is 10 per cent larger than England, Wales, and Scotland, has less than 1,000,000 people, as compared with the 42,000,000 in this British Isle.

Europe, almost identical in total area with the United States, supports a population of 450,000,000 souls.

There is something wrong with American statesmanship if America can not comfortably take care of 100,000,000 souls while Europe supports 450,000,000.

The third element is organized labor. We have organized labor invoked in support of this bill by elements which have consistently and persistently, in season and out of season, thwarted every effort and defeated every aspiration of the working people. It is true that a large number of the official representatives of the trades-unions ask for this bill. The working people, surrounded by enemies, engaged in a life and death struggle with the superior forces of capitalism, in sheer desperation seek to limit the supply of labor.

The trades-unions fear not only the competition of numbers, but the rivalry of large masses of foreign workers not familiar with the language and easily exploitable.

But that is where organized labor is on the wrong track. Organized labor, with its magnificent record of accomplishment, permits itself to play into the hands of the unreasoning chauvinist and of the most reactionary labor-hating element, in the vain hope that labor will improve its condition by limiting the working population of the United States through restrictive immigration. There would be just as much logic in limiting population by prohibiting child-

Have our physical resources been exhausted? Have our mental resources been exhausted? What about the development of the natural resources about which the platforms of all political parties speak so eloquently?

I protest most solemnly against that narrowness of mind, against that lack of vision, against that absence of sympathy for our fellow men which refuses to a fellow human being a refuge and a resting place.

The captain of a ship who would refuse to take on board a drowning person would be shunned as inhuman unless he could plead in justification that the addition of a passenger would result in the sinking of the ship with all on board. Not unless all opportunities are exhausted, not unless there is no room left to shelter one more, will the American people be justified before their own conscience and before history in adopting the philosophy of Cain, "Am I my brother's keeper?"

Adopt the literacy test, refuse admission to the man without a knowledge of the alphabet, but with hands willing to work and with a soul free from the contamination of commercialism. Paralyze industry, check progress, reverse the policy which has given to America life and sustenance, surround the country with a Chinese wall of exclusion, smother all humane instincts, punish the unfortunate man for being illiterate by depriving him of an opportunity to earn his bread. But remember that no free people can long remain unjust. The day of retaliation will come. The narrower the policy you pursue the quicker will you be overthrown. The American people will again be as just as they are free. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

[H. J. Res. 189. 65th Cong., 2d sess.]

JOINT RESOLUTION

To provide for a commission to inquire into the advisability of establishing national insurance against unemployment, invalidity, and sickness

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created and established, to be known as the Commission on Social Insurance, hereinafter referred to as the commission. The commission shall be composed of five persons, to be appointed by the President of the United States, two of whom shall be employers of labor and two of whom shall be representatives of organized labor, the Secretary of Labor to be the fifth member of the commission and the chairman thereof. It shall be within the power of the Secretary of Labor to select a representative of the Department of Labor to act in his stead in any hearing or investigation in which the secretary himself may be unable to participate, and said representative shall have full power to act in the name of the Secretary of Labor, but the position of the Secretary of Labor, as the fifth member and as chairman of the commission, shall in no wise be impaired, and in the report, findings, and recommendations of the commission his name and title shall be appended.

SEC. 2. That the members of this commission shall be paid actual traveling and other necessary expenses, and in addition the members of the commission, other than the Secretary of Labor, or his representative appointed by him pursuant to section one, shall receive a compensation of \$15 per diem while actually engaged in the work of the said commission and while going to or returning from such work.

The commission is authorized, as a whole or by subcommittees of the commission duly appointed, to hold sittings and public hearings anywhere in the United States; to send for persons and papers; to administer oaths; to summon and compel the attendance of witnesses and to compel testimony; to employ such secretaries, experts, stenographers, and other assistants as shall be necessary to carry out the purposes for which said commission is created; and to rent such offices, to purchase such stationery and other supplies, and to have such printing and binding done as may be necessary to carry out the purposes for which the commission is created; and to authorize its members or its employees to travel in or outside of the United States on the business of the commission.

SEC. 3. That it shall be the duty of the commission to inquire into the causes of unemployment; to inquire into the subject of systems of insurance, voluntary

or obligatory, contributory or noncontributory, now in vogue to meet unemployment, invalidity, and sickness, and to what extent the Government of the United States may aid by establishing a Federal insurance system for the benefit of the wage earners of the United States when in need by reason of involuntary unemployment, whether the unemployment be due to lack of work, to disability arising by reason of sickness, or to the impairment or destruction of earning capacity because of old age. If the commission shall recommend that a Federal insurance system or fund be established by the Government of the United States, it shall prepare and recommend the regulations that would be necessary for the successful administration of a national insurance system or fund, the amount of said fund, and the method of cooperation with existing insurance systems.

SEC. 4. That the commission shall submit, through the President, to Congress a report containing the testimony taken, its findings, and its recommendations on or before the first Monday of December of the year nineteen hundred and eighteen.

SEC. 5. That the sum of \$50,000 is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, for the use of the commission: *Provided*, That no portion of this money shall be paid except upon the order of said commission signed by the chairman thereof.



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